

VENA RESOURCES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operation

September 30, 2005

Management's discussion and analysis (MD&A) is current to January 25, 2006 and is management's assessment of the operations and the financial results together with future prospects of Vena Resources Inc. ("Vena" or the "Company"). This management discussion should be read in conjunction with the September 30, 2005 Audited Consolidated Financial Statements and related Notes to the Audited Consolidated Financial Statement. These consolidated financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Vena's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements. Additional information relevant to Vena's activities, including Vena's Press Releases can be found on SEDAR at www.sedar.com.

The principal business reason for the creation of Vena was to acquire and explore mineral properties in Peru. Vena is currently focused on exploring its Peruvian Aucapampa and Las Princesas properties. Specifically, with respect to the Aucapampa property, Vena is undertaking the data collection and exploration program recommended in the Aucapampa Report dated August 25, 2004 and prepared by Murray Lytle of Tessa Resource Consultants. With respect to the Las Princesas property, Vena is undertaking the data collection and exploration program recommended in the Las Princesas Report dated May 17, 2004 and prepared by Murray Lytle of Tessa Resource Consultants.

These properties are the two material mineral properties that Vena has and, consequently, unless Vena acquires additional properties or projects, any adverse development affecting these properties could have a material adverse effect on Vena and would materially and adversely affect Vena's potential resource production, profitability, financial performance and results of operations. The other properties of Vena are the Azulcocha property, (the Company let the options expire on the Derrick and Karmykal properties) the Inca Gold projects, the Aurora project, the Tantar project and the uranium concessions. The Aucapampa and Aurora properties are currently being drilled and the Las Princesas property is encircled by Barrick Gold and PanAmerican Silver claims and is immediately adjacent to Barrick Gold's Alto Chicama property. Vena is completing a pre-feasibility study of the Azulcocha property.

Vena is structured into four strategic business units:

- The Uranium Division controls 15,500 hectares of Uranium projects and manages the technical joint venture with Peruvian Institute of Nuclear Energy (IPEN) for the exploration and confirmation of all 78 targets found by IPEN during three decades of exploration throughout Peru. Four field confirmation campaigns in 2005 confirmed the findings of 20 years of exploration performed by IPEN. Vena is now in the permitting process with expectations to drill some of the identified targets in 2006, depending on government permits.
- The Precious Metals Division is about to start third phase drilling of the Aucapampa project. It about to perform extensive geochem and geophysics on the Inca Gold concessions. It also controls the strategically located "Las Princesas" gold property that is completely encircled by Barrick Gold and Pan American Silver claims and is immediately adjacent to the recently opened Alto Chicama mine owned by Barrick Gold, the Company performed enough geochemistry and geophysics work to define new drill targets and has just received all required drilling permits to commence a drilling operation in the first quarter of 2006;
- The Base Metals Division is responsible for developing all copper/moly systems including the recently acquired Aurora project - a large copper-molybdenum system that is went through a 2,000 meter phase I drilling campaign in 2005. Vena first confirmed all historical drilling results and completed the first drilling campaign targeting the centre portion of the porphyry. Thus far all 11 drill holes have delineated two areas of mineralization that are open along the strike. The Company has reported significant mineralization of Cu/Mo with an average grade higher than 0.6% Cu with significant Molybdenum credits.

- The Mining Group responsible for the Azulcocha project, a historically high-grade zinc, manganese and gold mine, completed a 43-101 compliant report for the tailings resource providing close to one million tons of economically recoverable Zn and Mn resources. The Company also received a letter of intent from a Swiss commodity trader to acquire all the Zn concentrate produced. We remain focused on expanding the economic life of this project, thus several actions are being undertaken to expand the resource of the underground mine. An exploration program was initiated with positive results along a high-grade zinc vein-like structure. Finally, a modeling program of the historical data has been initiated as well as the re-opening of the underground workings to facilitate an underground drilling campaign in 2006;

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the audited consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration costs.

These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

If the going concern assumption were not appropriate for these audited consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities and the reported net loss.

Comparative Figures

In fiscal 2004, Vena entered into a series of share-for-share exchange transactions that resulted in the acquisition of Vena Resources (2004) Inc. ("VRI 2004") and its wholly-owned subsidiary, Compania Las Dunas De Oro S.A.C. ("Las Dunas"). Due to the structure of the transactions, this acquisition has been accounted for as a reverse takeover of Vena by Las Dunas as the original Las Dunas shareholders own 62% of the issued and outstanding Common Shares of Vena immediately after closing of the acquisition. A summary of the transactions culminating in the acquisition is as follows:

Acquisition of Compañía Las Dunas De Oro S.A.C.

Effective February 27, 2004, VRI 2004 acquired 99.8% of the outstanding Common stock of Las Dunas for a total cost of \$1,916. As consideration for Las Dunas' shares VRI 2004 issued 12,300,000 Common Shares, which are the equivalent of 3,562,201 common shares of Vena. As additional consideration, VRI 2004 also issued 2,500,000 share purchase warrants with each warrant entitling the holder to purchase one common share for \$0.25 for a period of one year from the issue date. Las Dunas was incorporated on December 11, 2003 under the laws of Peru and began active operations shortly thereafter. Las Dunas operates principally as a mineral exploration company in Peru, South America.

The acquisition has been accounted for by the purchase method as a reverse takeover of VRI 2004 by Las Dunas since the then existing shareholders of Las Dunas own 75% of the issued and outstanding Common Shares of VRI 2004 immediately after closing of the acquisition. Accordingly, for accounting purposes Las Dunas has been treated as the acquirer of VRI 2004.

The deemed acquisition of VRI 2004 is recorded at an ascribed value of \$1,961, and is based on the fair value of the assets and liabilities acquired, which are summarized as follows:

Cash	\$ 3,000
Other current assets	2,557
Current liabilities	(3,596)
Fair value of net assets acquired	\$ 1,961

Acquisition of Vena Resources (2004) Inc.

Effective April 17, 2004, Vena acquired 100% of the outstanding common shares and warrants of VRI 2004 for a total cost of \$4,833. As consideration Vena issued 24,167,000 common shares for VRI 2004's shares and 2,500,000 purchase warrants for VRI 2004's warrants. Each Vena warrant entitles the holder to acquire one common share for \$0.25 for a period of one year from the issue date of the original VRI 2004 warrants. VRI 2004 was incorporated on November 28, 2003 under the laws of Ontario and began active operations when it acquired Las

Dunas (see above). VRI 2004 operates principally as a holding company as its principal asset is represented by the shares of Las Dunas which holds a 60% interest in Cia Minera Nueva Princesa S.A.C (“Las Princesas” gold property) and 80% of Cia. Azure del Peru S.A.C. (The “Azulcocha” property).

The acquisition has been accounted for by the purchase method as a reverse takeover of Vena by VRI 2004 since the then existing shareholders of VRI 2004 own 91% of the issued and outstanding Common Shares of Vena immediately after closing of the acquisition. Accordingly, for accounting purposes VRI 2004 has been treated as the acquiror of Vena.

The deemed acquisition of Vena is recorded at an ascribed value of \$4,833, and is based on the fair value of the consideration paid, which are summarized as follows:

Cash	\$	-
Other current assets		141
Current liabilities		(1,808)
Deficiency in net assets acquired		(1,667)
Fair value of consideration paid		4,833
Excess of purchase price over deficiency in net assets acquired	\$	6,500

The excess of the purchase price paid over the deficiency in net assets acquired was allocated to mineral properties.

The audited consolidated balance sheet as at September 30, 2004 and the audited consolidated balance sheet of the Company as at September 30, 2005 are based upon the accounts of Las Dunas at its historic net book value, which have been consolidated with the accounts of both VRI 2004 and Vena at the estimated fair value of net assets acquired at the time of their respective acquisitions.

The audited consolidated statements of operations and deficit and changes in cash flow represent the results of operations and changes in cash flow of Las Dunas for the period commencing December 11, 2003 (date of incorporation) together with the results of operations and changes in cash flows of VRI 2004 from February 27, 2004 (date of deemed acquisition) to September 30, 2004 and the results of operations and changes in cash flows of Vena from April 17, 2004 (date of deemed acquisition) to September 30, 2004.

The effective date of incorporation of the deemed parent, Las Dunas, is December 11, 2003.

Acquisition of Inca Gold Company S.A.C.

Effective May 2, 2005, Vena acquired 100% of the outstanding common shares of Inca Gold Company S.A.C. (“Inca”) for \$312,576. Vena acquired Inca by paying \$72,576 cash and issuing 800,000 common shares valued at \$240,000.

The acquisition of Inca is recorded at the fair value of the assets and liabilities acquired, which are summarized as follows:

Cash	\$	369
Other current assets		225
Mineral properties		201,180
Current liabilities		(1)
Book value of net assets acquired	\$	201,773
Consideration paid		312,576
Excess of purchase price over net assets acquired	\$	110,803

Vena's consolidated balance sheet includes the accounts of Inca at their fair value. Vena's consolidated statement of operations and deficit and changes in cash flow include the results of operations and changes in cash flow of Inca for the period from May 2, 2005 to September 30, 2005. The excess of the purchase price over net assets acquired was allocated to mineral properties.

Results of Operations

Vena incurred a net loss of \$3,310,781 or \$0.091 per share for the year ended September 30, 2005 compared to a net loss of \$754,409 or \$0.049 per share for the period from December 11, 2003 (date of incorporation) to September 30, 2004.

Consulting fees for the year ended September 30, 2005 were \$768,940 compared to \$256,845 for the period ended September 30, 2004. These amounts are attributed to fees paid for the evaluation of the Company's properties and for the general operation of the company. These costs going forward are currently under review.

Professional fees expenses for the twelve month period were \$135,972 compared to \$139,147 for period ended September 30, 2004. The Company incurred these costs due to the legal fees to prepare the application to obtain the right to list on the TSX Venture Exchange as well as general corporate matters. These costs are expected to decrease.

Travel expenses were \$216,287 for the year ended September 30, 2005 and \$135,109 for the period ended September 30, 2004. This level of activity is expected to continue as the company continues to explore its properties which involve traveling to and throughout Peru.

Promotion expenses were \$291,245 for the year ended September 30, 2005 and \$46,410 for period ended September 30, 2004. This amount relates to the costs of issuing press releases, use transfer agents, and investor presentations and electronic dissemination of information especially with respect to the latest financings. These costs will continue at this level.

Office and general and salaries and benefits expenses totaled to \$559,391 for the twelve month period ended September 30, 2005 compared to \$137,751 for the period ended September 30, 2004. These costs are expected to be maintained at these levels in the future. The current expenditure levels were high because the company was in the startup phase. This also includes US\$30,000 of fees associated with listing Vena shares on the Peruvian stock exchange. See the "additional disclosure for venture issuers without significant revenue" section for more details of the costs. Las Dunas, the operations subsidiary in Peru, now has its own office and incurred expenses to get up and running.

During the year ended September 30, 2005 the Company recognized stock-based compensation expense of \$1,253,000 as a result of the initial application of the new stock based compensation policy of the CICA. See "Changes in Accounting Policies Including Initial Adoption". See Note 4 of the September 30, 2005 audited consolidated financial statements for further explanation.

The funds raised from private placements will and have been used to meet the Company's administrative, exploration and property costs. In addition, because of the additional funds from the oversubscription, the Company is in a position, to expedite its' growth plans for 2006. On January 17, 2006, the Company raised \$1,133,750 through a private placement. In the coming months, the Company should also:

- Complete the feasibility study of the Azulcocha poly-metallic tailings
- Drill identified regional targets, confirm historical resources and increase Azulcocha's tonnage underground
- Complete third phase drilling campaign in Cu/Au Aucapampa project
- Complete second phase drilling campaign in Cu/Mo Aurora project
- Complete phase I drilling campaign on Las Princesas
- Launch field confirmation campaigns on 3 Uranium zones in southern Peru

Vena will also continue to acquire and advance high quality projects throughout Peru to expand on its portfolio of projects that currently encompasses 45,000 hectares.

The following is a brief description of each of Vena's properties. Additional disclosure regarding Vena's two material properties, the Aucapampa and Las Princesas properties is provided herein.

Aucapampa Property

The property is located in the country of Peru on the west coast of South America. Peru is divided in 24 Departments which are each further subdivided into several provinces. The property is located in the Department of Apurimac.

The property is approximately 348 kilometers from the community of Nazca which is in turn located approximately 420 kilometers south of Lima on the PanAmerican Highway. Approach to the property can be made to within 38 kilometers via an asphalt, all-weather highway.

The property comprises 2,970 hectares of mining concessions. The three concessions are registered under the legal names of Nueva Alicia 1, Nueva Alicia 2 and Nueva Alicia 3.

Pursuant to an option agreement dated February 10, 2004, as amended, among Vena, Rosario Espino Quijandria, Alicia Rico Quijandria and Jesus Rico Quijandria (the "Aucapampa Option") Vena has an option to acquire 100% of the property under the following terms and conditions:

- initial payment of US\$60,000 which was made upon registering the option agreement
- monthly payments are to be made as follows: US\$20,000 for years 1 and 2, US\$25,000 for year 3, US\$50,000 for year 4 and US\$70,000 for year 5
- a final payment of US\$850,000 is payable in the 6th year of the option
- on commercial production a net smelter royalty of 1 percent is to be paid on all sales receipts net of ad valorem taxes, sales costs, measuring and transportation costs and insurance costs
- the option can be cancelled by Vena at any time without penalty

Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

The property has no known ore reserves. On December 15, 2004 Vena announced that the preliminary results of its first drill program on its Aucapampa gold-copper deposit in the Apurimac region of Peru were encouraging. Due to the positive drilling results, a follow-up drill program was planned to commence in the first quarter of 2006.

This is the principal property of Vena for the purposes of Vena's application to list common shares on the TSXV.

The terms of this agreement were amended as follows:

- Term of the agreement: December 31, 2004 to December 31, 2007
- The optionor will receive US\$3.00 per ounce gold mined for a minimum of 500,000 ounces to transfer title
- Monthly payments are hereby adjusted to US\$7,500 per month for the term of the option.

Las Princesas Property

The property is located in the country of Peru and is located in the Department of La Libertad.

The property is approximately 140 kilometres from the City of Trujillo which is in turn located approximately 580 kilometres north of Lima on the PanAmerican highway. Approach to the property can be made to within 8 kilometres via an asphalt, all-weather, highway.

The property comprises 1,050 hectares of mining concessions.

The property is comprised of two concessions, comprising a total of 1,050 hectares. The property is owned by Nueva Princesa S.A.C., 60% of which is owned by Las Dunas and 40% by Mr. Jorge Blacker Benduzu.

Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the even of a delinquent payment.

Pursuant to a shareholder operating agreement dated June 8, 2004, as amended, among Vena, Jorge Blacker Benduzu and Alexandro Vidaurre Otayza (the "Las Princesas Operating Agreement"), Vena through its subsidiary Las Dunas, created an operating company to continue exploration work on the property. The agreement covers a project area comprising the above referenced 2 concessions.

The Las Princesas Operating Agreement, as amended, sets out the following terms and conditions:

- The operating company, Nueva Princesa S.A.C. is owned 60% by Las Dunas and 40% by Mr. Jorge Blacker Benduzu.
- The operating company will develop a small mine producing 75 tonnes per day of feed to a plant that will be purchased by Las Dunas for an estimated cost of \$530,100. The mine will be operating within 3 months of the signing of the agreement, as amended, providing there is sufficient ore to feed the plant. In the event the plant is not operating at capacity within 3 months of such date, Las Dunas will have up to 1.5 years to bring the operation into production.
- Las Dunas will recover US\$520,000 from the profits of the mine starting in the second year of operation to a maximum monthly payment of \$43,333. Mr. Blacker will also receive a total payment of \$133,000 paid every 3 months starting in the second year of operation. This agreement is currently being re-negotiated.

The property has no known ore reserves.

Azulcocha Property

The property is located in the country of Peru in the Department of Junin.

The property is approximately 260 kilometres east from the City of Lima on the two-lane Carretera Central highway. Approach to the property can be made to within 40 kilometres via an asphalt, all-weather highway. The final 40 kilometres is on a rough, single lane dirt road that is passable by 2 wheel drive vehicles.

The property comprises 1,744 hectares of mining concessions. The property is owned by Compania Azure del Peru S.A.C., 80% of which is owned by Las Dunas and 20% by Elmer Rosales Castillo. All registration fees for the concessions are current.

The property was obtained directly from the government with the exception of the San Luis Primero concession which was acquired from a third party. Under Peruvian law, the concessions acquired from the government remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

The property has no known ore reserves. On December 20, 2004, Vena announced the positive and encouraging results of its geophysical study at the Azulcocha zinc/manganese project near Huancayo, Peru approximately 260 kilometers east from the City of Lima.

On April 20, 2005, Vena announced it has received positive metallurgical results on the re-treatment of its Azulcocha poly-metallic stockpile. The Company has also located and purchased the complete and original geology mine plan and exploration data for the original Minera Gran Bretana mine. This purchase will sharply focus and greatly reduce the planned exploration program costs to confirm the historically reported 3.3 million tons of remaining ore (Munoz 1994). This historical value is not NI43-101 compliant and should not be considered a resource or reserve using accepted mining definitions.

Vena is also pressing ahead with an ambitious exploration program to identify additional drill targets. The recent acquisition of the original Minera Gran Bretana data will accelerate this process. In addition to aiding in the quantification of remaining mineral, this purchased data has identified other "inflection" targets which will be evaluated for drilling.

Vena completed this phase of work (pre-feasibility and 43-101 resource and reserve estimate of the stockpile) in July 2005 and will immediately commence a feasibility study. The feasibility study will be largely an effort to

confirm markets and pricing in order to make an appropriation decision. It is anticipated that no additional technical studies will be required to complete the feasibility study.

In addition to assessing the potential of the current stockpile, further drilling is needed to confirm the reported presence of additional underground mineralization. As well, surface samples on a newly found vein structure have returned up to 27% zinc grades, thus meriting a comprehensive exploration program.

Derrick Property

The Derrick Property is located in the country of Peru in the Department of Cajamarca. The property covers 3,100 hectares. Vena currently owns a 60% interest in the property and has an option to acquire the remaining 40% interest in the property. The Company has cancelled the option agreement on the property.

Karmykal Property

The Karmykal Property is located in Peru in the District of San Pedro and covers approximately 3,000 hectares. Vena currently owns a 60% interest in the property and has an option to acquire the remaining 40% interest in the property. The Company has cancelled the option agreement on the property.

Uranium Concessions

On February 8, 2005, Vena announced it had staked 9,600 hectares of uranium concessions in Peru. These concessions are 100% owned by Vena.

On March 4, 2005, Vena staked an additional 4,300 hectares of uranium properties in Peru. This brought Vena's total uranium holdings to 13,900 hectares, the largest Uranium land position in Peru.

On March 29, 2005, Vena began an exploration and confirmation field campaign on its 14,000 hectare uranium concessions in Peru which are controlled 100% by Vena.

Given the strong support from the investment community oversubscribing to the last financing round, Vena is encouraged to fast track and mobilize two exploration teams at once to explore all 14,000 hectares over the next months, April 2006 onward. These confirmation and exploration campaigns across all 78 target areas led by IPEN scientists will enable Vena to make more appropriate strategic announcements in a short term.

Four field campaigns have been completed, the company has reported high-grade uranium mineralization along trenches in fracture veins as well as along disseminated sandstone formations, and is getting ready to commence a drilling campaign as soon as community and government permits are in place.

There are four districts that constitute the first field exploration campaigns: Macusani, Lagunillas, Munani and Rio Blanco. Vena's efforts to date have been focused on the Macusani and Munani regions.

The Aurora Project

On March 23, 2005, Vena signed a purchase option agreement with Sociedad Minera Parobamba II (Parobamba), a private Peruvian company, for its Aurora copper-molybdenum project in Peru. The Aurora project, located in the Department of Cusco at an elevation of approximately 2,500 meters was previously explored by Bear Creek Mining who completed a US\$300,000 program of 6 diamond drill holes. It is particularly attractive due to the relatively high grades of molybdenum and the potential for gold and silver values which were not assayed for in the previous exploration campaign.

The Aurora property is within the Yauri-Andahuaylas metallogenic corridor which is well known for its copper-gold porphyry and skarn deposits. The BHP Billiton Tintaya mine is perhaps the best known of these deposits.

Terms of the purchase option include a payment of US\$25,000 at the signing of the registerable transfer documents and a payment of \$25,000 after 4 months of confirmation testing with subsequent payments of US\$25,000 6 months after the confirmation period and US\$50,000 after 12 months. This payment cycle repeats for each of the next 4 years. At any time during the five years, Vena can drop the option without penalty or purchase the property for a total of US\$4,000,000. There is a work commitment of US\$500,000 in each of the five years of the option period.

Vena re-assayed the drill core that is stored on the property to confirm the reported values and include gold and silver assays in the data base. Aurora went through a 2,000 meter phase I drilling campaign in 2005. Vena first confirmed all historical drilling results and completed the first drilling campaign targeting the centre portion of the porphyry. Thus far all 11 drill holes have delineated two areas of mineralization that are open along the strike. The Company has reported significant mineralization of Cu/Mo with an average grade higher than 0.6% Cu with significant Molybdenum credits.

Capital Resources, Capital Expenditures and Liquidity

The Company's working capital was \$1,249,192 at September 30, 2005, which is an increase of \$1,206,724 from September 30, 2004 working capital of \$42,468. This increase is largely due to the financing from the private placements.

The GST and foreign sales taxes recoverable of \$600,308 includes \$524,322 of a sales tax credit resulting from Las Dunas' pre-operation activities during 2004. This credit will start to be recovered when operations begin.

\$2,299,413 was spent on mineral properties and deferred exploration and development expenditures for the twelve month period ended September 30, 2005. These levels of expenditures will probably be maintained in the future.

During the twelve month period ended September 30, 2005, the Company raised \$5,829,498 through the issuance of common shares by way of private placements, net of fees. During the period from December 11, 2003 to September 30, 2004, the Company raised \$1,616,750 through the issuance of common shares by way of private placements.

On December 16, 2004, Vena completed a non-brokered private placement in the amount of \$479,600 by the issuance of 1,199,000 Units at a price of \$0.40 per Unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each full common share purchase warrant is exercisable for eighteen months at \$0.60 per share.

On-going commitments for capital resources relate largely to the maintenance of the mineral permits. Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment. The Company will spend the funds available to it to further its stated business objectives. Specifically, the available funds will be spent to explore and develop its two principal mining properties in Peru and to make property payments on all of its properties in Peru. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

On April 20, 2005, Vena completed a non-brokered private placement. The original announcement was for \$2 million; however the issue was significantly oversubscribed. The private placement totalled \$3,985,914, almost double the size of the original private placement as originally announced on March 4, 2005.

Vena offered subscribers, one-half of their subscription at the original \$0.45 unit price and one-half of their subscription at the \$0.48 unit price. Each unit consisted of one common share and one-half common share purchase warrant exercisable for 18 months at a price of \$0.65 in the case of the \$0.45 unit and \$0.60 in the case of the \$0.48 unit. This provided subscribers with a blended cost per unit of \$0.465 and a blended common share purchase warrant exercise price of \$0.625. The securities issued on closing are subject to a four-month hold period. The private placement was approved by the regulatory authorities. A finder's fee was paid to certain parties at the discretion of the Company in the form of placement units.

On January 17, 2006, Vena announced that it has closed the private placement announced on December 19, 2005. The Company raised a total of \$1,333,751 by issuing 2,267,501 units. Each unit was priced at \$0.50 and comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable at \$0.75 for a period of 12 months post closing date.

The following table represents the current estimate of property payments, exploration expenditures and corporate expenditures for the twelve months ending September 30, 2006. Actual exploration activities may result in changes to the estimated property payments and/or exploration expenditures on each property.

		US\$
Aurora	Geological Study	30,000
	Phase II - Drilling Campaign	400,000
	Property Payments	75,000
Aucapampa	Phase III - Drilling Campaign	300,000
	Property Payments	90,000
Las Princesas	Phase I - Drilling Campaign	250,000
	Phase II - Drilling Campaign	300,000
Azulcocha	Feasibility Study	150,000
	Phase I - Drilling Campaign	200,000
	Property Payment	18,000
	Mine Rehabilitation	200,000
Tantar	Geochem/Geophysics	80,000
Uranium	Confirmation Study 4 zones	250,000
	Phase I - Drilling Campaign	300,000
Huamachuco	Geochem/Geophysics	80,000
Huaranchal	Geochem/Geophysics	80,000
Corporate expenditures	General & administrative	1,500,000
Government Fees	45,000 hectares	135,000
Total 2006		4,438,000

In 2006, the Company will have to make monthly payments of US\$7,500 on its principal property, Aucapampa as well as maintain exploration and development on its other properties. This includes the completion of a third drilling campaign and exploration program the estimated cost of which is \$300,000. If successful a fourth drilling campaign will be scoped. This program will consist of data compilation/evaluation, drillhole site selection, drilling, model building and resource estimation is targeted for completion in the second half of 2006. This also includes a data collection and exploration program on the Las Princesas property that's divided into two phases. The second phase of this will include drill hole site selection, drilling, model building, resources estimation and follow-up drilling. The total approximate cost of this is US\$550,000 and should be completed in the second half of 2006.

The Company is dependent on obtaining future financings for the exploration and development of our properties and for the acquisition of any new projects. There is no assurance that such financings will be available when we require them, or under terms that are favourable to us.

Selected Financial Information

The information below should be read in conjunction with the management's discussion and analysis, the consolidated financial statements and related notes and other financial information. The following is for the periods ended

	Year Ended September 2005	Year Ended September 2004	Year Ended September 2003	Year Ended September 2002
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	3,310,781	754,409	N/A	N/A
Loss before extraordinary items per share	0.091	0.049	N/A	N/A
Net Loss	3,310,781	754,409	N/A	N/A
Loss Per Share	0.091	0.049	N/A	N/A
Total Assets	5,855,247	1,848,789	N/A	N/A
Total Liabilities	220,618	263,877	N/A	N/A
Cash dividend declared	-	-	-	-

Results for the three months ended:

	September 30, 2005	June 30, 2005	March 31, 2005	December 31, 2004
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	488,514	648,300	1,839,533	334,434
Loss before extraordinary items per share	0.011	0.014	0.056	0.010
Net Loss	488,514	648,300	1,839,533	334,434
Loss Per Share	0.011	0.014	0.056	0.010

	September 30, 2004	June 30, 2004	March 31, 2004	December 11, 2003 (date of incorporation) to December 31, 2003
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	287,245	253,031	214,133	N/A
Loss before extraordinary items per share	0.011	0.012	0.01	N/A
Net Loss	287,245	253,031	214,133	N/A
Loss Per Share	0.011	0.012	0.01	N/A

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

During the year ended September 30, 2005, 1282803 Ontario Inc. ("1282803") charged the company a total of \$60,000 in respect of the services of James Fairbairn, Chief Financial Officer, of the Company. Mr. Fairbairn beneficially owns 1282803. These charges were for accounting fees. Mr. Fairbairn is retained by the Company pursuant to a verbal consulting agreement on a month-to-month basis.

Juan Vegarra, Chairman and Chief Executive Officer and director, charged the Company \$127,900 for the twelve months ended September 30, 2005. Mr. Vegarra is retained by the Company pursuant to a verbal consulting agreement on a month-to-month basis.

Jaguar Holdings (1998) Inc. charged the Company \$30,000 in respect of the services of John Cullen. John Cullen, a director, beneficially owns Jaguar Holdings (1998) Inc. Mr. Cullen is retained by the Company pursuant to a verbal consulting agreement on a month-to-month basis.

Len DeMelt, an officer and a director, charged the Company \$129,000 under the terms of an employment agreement expiring on November 8, 2005.

Denis Clement and Associates charged the Company \$35,000 in respect of the services of Denis Clement. Denis Clement, a director, beneficially owns Denis Clement and Associates. Mr. Clement is retained by the Company pursuant to a verbal consulting agreement on a month-to-month basis.

Changes in Accounting Policies Including Initial Adoption

The following is the only change in accounting policies for year ended September 30, 2005.

Stock-Based Compensation

Effective January 1, 2004, Vena has adopted the new recommendations of the CICA with respect to employee stock-based compensation. The new recommendations are applied prospectively to option grants after that date. In prior years, the Company accounted for stock-based compensation by the settlement method whereby no compensation expense was recorded for options granted. As a result, Vena records stock-based compensation payments granted using the fair value method.

Under the fair value method, stock-based payments are measured at the fair value of the equity instruments issued, and are amortized over the vesting period. The offset to the recorded cost is to contributed surplus.

Financial Instruments

The carrying amount of cash, GST and foreign sales taxes recoverable and accounts payable approximates their fair value because of the short-term maturities of these items. The Company enters into transactions to purchase goods and services denominated in the Peruvian Nuevo Sol for which the related expenses and accounts payable balances are subject to fluctuations in currency exchange rates. The transactions and balances have been stated in Canadian dollars in accordance with our foreign currency translation policy.

Additional Disclosure for Venture Issuers without Significant Revenue

	September 30, 2005	September 30, 2004
Mineral properties		
Capitalized mineral properties and deferred expenditures	\$ 4,162,328	1,350,790
Expensed development and exploration	-	-
Corporate expenses	\$ 3,310,781	\$ 754,409
Total Assets	\$ 5,855,247	\$ 1,848,789

Mineral properties and deferred expenditures	September 30 2005	September 30 2004
	Capitalized	Capitalized
Acquisition costs	\$ 1,656,997	\$ 566,417
Geology	\$ 930,940	152,966
Drilling	\$ 777,544	160,341
Assaying	\$ 74,188	72,133
Transportation	\$ 155,607	24,344
Labour	\$ 127,754	79,785
Amortization	\$ 24,618	8,683
Other	\$ 179,619	93,355
Facilities and machinery - net	\$ 235,061	192,765
	\$ 4,162,328	\$ 1,350,790

Corporate Expenses	Year ended September 30, 2005	Year ended September 30, 2004
	\$	\$
Stock-based compensation	1,253,000	-
Office and general:		
Rent	21,660	-
Internet	14,637	-
Insurance	19,397	-
Telephone and computers	20,733	2,835
Administrative expense	107,095	72,329
Printing and copying	22,100	19,758
Other expense	29,680	16,445
Salaries and benefits	324,089	26,384
Consulting	768,940	256,845
Professional fees	135,972	139,147
Travel	216,287	135,109
Promotion	291,245	46,410
Foreign exchange loss	64,712	39,147
Amortization	21,234	
	\$ 3,310,781	\$ 754,409

Outstanding Share Data	9/30/2005	30-Sep-04
Issued and outstanding common shares	42,612,894	26,562,513
Outstanding options to purchase common shares	2,825,000	-
Outstanding warrants to purchase common shares	7,297,565	2,437,500

Stock-Based compensation

See notes 1 and 4 of the September 30, 2005, audited consolidated financial statements for a full disclosure of the valuation model used to calculate the Stock-based compensation in the amount of \$1,253,000.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Risks and Uncertainties

Political Risk

All of the properties are located in Peru and, accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Peru. In addition, Peru is a developing country that has experienced political and economic difficulties over the years. Vena's mineral exploration activities could be affected in varying degrees by such political instability and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Vena's ability to conduct future exploration and development activities is subject to changes in government regulations and shifts in political attitudes over which Vena has no control.

There is social unrest in Peru resulting from high expectations of an improvement of living standards and high levels of unemployment. Protestors have targeted foreign firms in the mining sector in recent years. The Aucapampa and Las Princesas properties are situated in historical mining districts, in areas which have not experienced any significant civil unrest to date. However, there can be no assurance that future social unrest will not have an adverse impact on Vena's operations.

Outlook

Vena's future profitability and long-term viability will depend largely on the market price of commodities. Market prices are volatile and are affected by numerous factors beyond Vena's control, the aggregate effect of which is impossible for Vena to predict.

The Company has never had mineral producing properties. There is no assurance that commercial quantities of minerals will be discovered at either of the two properties or other future properties or that the exploration programs thereon will yield positive results. Even if Vena discovers mineralization on its properties, extraction may not be economically viable.

Vena currently holds the permits it requires to carry out its current work programs, but the Company cannot assure that it will receive the necessary permits to carry out further exploration and to develop the properties.

Business Risk

There is numerous business risks involved in the mineral industry some of which are outlined below. Vena does not currently own the Aucapampa property, but rather holds an option to acquire the rights of the current owners in certain of the mineral concessions. Any non-compliance with or non-satisfaction of the terms of the Option by Vena could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to the property.

Vena does not currently own 100% of the two mineral concessions contained in the Las Princesas property. Similarly, any non-compliance with or non-satisfaction of the terms of the Option by Vena could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to the property.

In Peru, mining concessions do not include surface rights and there can be no assurance that Vena will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on Vena's future operations.

Vena's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of Vena is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. Vena does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect Vena's operations and financial performance.

On December 15, 2004, the TSX-V accepted the Company's application for listing of its common shares on the Exchange under the trading symbol "VEM". Trading commenced at the opening of business Monday, December 20, 2004. The Company's shares also trade on the Peruvian stock exchange under the trading symbol "VEM".

Commodity Risk

There are risks of volatility in world commodity prices and other risks that the Company cannot control. Vena does not have a hedging policy and has no present intention to establish one. Accordingly, Vena has no protection from declines in mineral resource prices.

A key risk mitigation strategy is to maintain the corporate development portfolio open to all types and classes of mineral wealth and keep the new project "pipeline" full.

Currency Risk

The Company's expenses are recorded in Canadian dollars so there is no risk in that regard. However, Vena is exposed to market risks resulting from fluctuations in currency exchange rates for the Peruvian Nuevo Sol due to the operations in Peru. This includes but is not limited to the effects on operating costs and hence on cash flows.

Management's Responsibility

Management is responsible for all information contained in this report. The audited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

External auditors, appointed by the shareholders, have independently examined the consolidated financial statements for the year ended September 30, 2005.

The Audit Committee has reviewed the audited consolidated financial statements with management and the auditors. The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

January 25, 2006

James N. Fairbairn, C.A. - Chief Financial Officer

parker simone LLP

Vena Resources Inc.

**Audited Consolidated
Financial Statements**

**Year Ended September 30, 2005 and
Period from December 11, 2003
(*date of incorporation*)
to September 30, 2004**

parker simone LLP

Chartered Accountants
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Auditors' Report

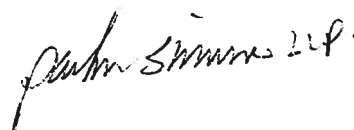
To the Shareholders of
Vena Resources Inc.

We have audited the consolidated balance sheets of Vena Resources Inc. as at September 30, 2005 and 2004 and the consolidated statements of operations and deficit and cash flow for the year ended September 30, 2005 and for the period from December 11, 2003 (*date of incorporation*) to September 30, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2005 and 2004 and the results of its operations and cash flow for the year ended September 30, 2005 and for the period from December 11, 2003 (*date of incorporation*) to September 30, 2004 in accordance with Canadian generally accepted accounting principles.

December 16, 2005

A handwritten signature in black ink, appearing to read "Parker Simone LLP", is written in a cursive style.

Vena Resources Inc.

Consolidated Balance Sheets

<i>As at September 30,</i>	2005	2004
Assets		
Current Assets		
Cash	\$ 727,451	\$ 87,699
GST and foreign sales taxes recoverable	600,308	218,646
Prepaid expenses	84,577	-
	1,412,336	306,345
Mineral Properties and Deferred Expenditures (Note 3)	4,162,328	1,350,790
Capital Assets, net of accumulated amortization of \$43,692	280,583	191,654
	\$ 5,855,247	\$ 1,848,789
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 163,144	\$ 263,877
Minority Interest	57,474	-
	220,618	263,877
Shareholders' Equity		
Capital Stock (Note 4)	7,033,819	1,939,321
Contributed Surplus (Note 5)	2,666,000	-
Capital Stock Subscribed (Note 4)	-	400,000
Deficit	(4,065,190)	(754,409)
	5,634,629	1,584,912
	\$ 5,855,247	\$ 1,848,789

See notes to the audited consolidated financial statements

Approved by the Board:

(Signed) John Cullen, Director

(Signed) Denis Clement, Director

Vena Resources Inc.

Consolidated Statements of Operations and Deficit

	Year Ended September 30, 2005	Period from December 11, 2003 (date of incorporation) to September 30, 2004
Operating Expenses		
Stock-based compensation (Note 4)	\$ 1,253,000	\$ -
Consulting	768,940	256,845
Salaries and benefits	324,089	26,384
Promotion	291,245	46,410
Office and general	235,302	111,367
Travel	216,287	135,109
Professional fees	135,972	139,147
Foreign exchange loss	64,712	39,147
Amortization	21,234	-
Net Loss	\$ 3,310,781	\$ 754,409
Deficit at beginning of period	754,409	-
Deficit at End of Period	\$ 4,065,190	\$ 754,409
Net Loss Per Share	9.1¢	4.9¢

See notes to the audited consolidated financial statements

Vena Resources Inc.

Consolidated Statements of Cash Flow

	Year Ended September 30, 2005	Period from December 11, 2003 (date of incorporation) to September 30, 2004
Operating		
Net loss	\$ (3,310,781)	\$ (754,409)
Adjustments to reconcile net loss to cash flow from operating activities:		
Stock-based compensation	1,253,000	-
Amortization	21,234	-
Unrealized exchange (gain) loss	(125,948)	26,937
Accretion of foreign subsidiary's severance indemnities	-	2,760
Net change in non-cash working capital items:		
Prepaid expenses	(84,577)	-
GST and foreign sales taxes recoverable	(381,662)	(226,711)
Accounts payable and accrued liabilities	(100,463)	173,090
Cash Flow Used in Operating Activities	(2,729,197)	
Financing		
Issuance of common shares	5,829,498	1,632,572
Capital stock subscribed	-	400,000
Cash Flow Provided by Financing Activities	5,829,498	
Investing		
Mineral properties and deferred exploration expenditures	(2,299,413)	(977,886)
Additions in capital assets	(88,929)	(191,654)
Cash acquired on acquisition of businesses (Note 2)	369	3,000
Acquisition of Inca Gold S.A.C. (Note 2)	(72,576)	-
Cash Flow Used in Investing Activities	(2,460,549)	(1,166,540)
Increase in Cash	639,752	87,699
Cash at beginning of period	87,699	-
Cash at End of Period	\$ 727,451	\$ 87,699

See notes to the audited consolidated financial statements

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

Year Ended September 30, 2005 and Period from
December 11, 2003 (*date of incorporation*) to September 30, 2004

General

On April 16, 2004, the corporation filed Articles of Amendment changing its name from Oceanus Water Purity Inc. to Vena Resources Inc. (Vena, or the Company). During fiscal 2004 Vena acquired, through a series of transactions, 99.8% of the outstanding Common Stock of Compañía Las Dunas De Oro S.A.C., a Peruvian-based mineral exploration company. This acquisition has been accounted for as a reverse takeover (*see Note 2*). As such, these consolidated financial statements reflect the continuation of the Peruvian-based legal subsidiary and not that of the legal parent.

1. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Company together with its wholly-owned subsidiaries Vena Resources (2004) Inc., Compañía Las Dunas De Oro S.A.C, and Inca Gold Company S.A.C. as well as its 80% interest in Compañía Azure del Peru S.A.C. and 60% interest in Compañía Nueva Princesa S.A.C.

Nature of Operations

Vena is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable reserves. The recovery of expenditures on mineral properties and the related deferred exploration costs is dependent upon the existence of economically recoverable mineralization, the ability of Vena to obtain financing necessary to complete the exploration and the development of the mineral properties, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition.

These consolidated financial statements have been prepared on a going concern basis. If the going concern assumption is not appropriate, then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these consolidated financial statements.

Foreign Currency Translation

Vena uses the temporal method of foreign currency translation in accounting for its integrated foreign operations. Under this method foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date while non-monetary assets and liabilities are translated into Canadian dollars at the exchange rate prevailing on the date of the transaction. Revenue and expenditures denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses arising from the translation of these foreign currency denominated transactions are reflected in operations for the period.

Mineral Properties

Vena defers the costs of exploration and capital assets on existing projects and carries them as assets until production commences. Mineral properties and the deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and the related deferred exploration expenditures are written off.

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

Year Ended September 30, 2005 and Period from
December 11, 2003 (*date of incorporation*) to September 30, 2004

1. Summary of Significant Accounting Policies (*Continued*)

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is computed using the straight-line method at the following rates:

Machinery and transport units	20%
Furniture and fittings	10%
Various equipment	25% and/or 10%

During the year, Vena capitalized amortization in the amount of \$22,458 (2004 – Nil) to mineral properties and deferred expenditures.

Income Taxes

Vena follows the liability method of accounting for income taxes. Under this method, future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on future tax liabilities and assets of a change in tax rates is recognized in the period that the occurs.

Loss Per Share

Basic loss per share is calculated by using the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by using the treasury stock method. Under this method, warrants and options are considered dilutive when the average stock market price of Vena's common shares exceeds the exercise price of options and warrants issued and outstanding. Diluted earnings per share is not presented as the factors referred to above are anti-dilutive.

Stock-Based Compensation

Vena has a stock-based compensation plan for its directors, officers, key employees and consultants to the Company. Vena records stock-based compensation using the fair value method. Under this method, stock-based payments are measured at the fair value of the equity instruments issued, and are amortized over the vesting period. The offset to the recorded cost is to contributed surplus.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Reclassification

Certain of the prior period's accounts have been reclassified in order to conform with the presentation adopted in the current year.

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

Year Ended September 30, 2005 and Period from
December 11, 2003 (*date of incorporation*) to September 30, 2004

2. Acquisitions of Businesses

Acquisition of Inca Gold Company S.A.C.

Effective May 2, 2005, Vena acquired 100% of the outstanding common shares of Inca Gold Company S.A.C. ("Inca") for \$312,576. Vena acquired Inca by paying \$72,576 cash and issuing 800,000 common shares valued at \$240,000.

The acquisition of Inca is recorded at the fair value of the assets and liabilities acquired, which are summarized as follows:

Cash	\$	369
Other current assets		225
Mineral properties		201,180
Current liabilities		(1)
Book value of net assets acquired	\$	201,773
Consideration paid		312,576
Excess of purchase price over net assets acquired	\$	110,803

Vena's consolidated balance sheet includes the accounts of Inca at their fair value. The consolidated statement of operations and deficit and changes in cash flow include the results of operations and changes in cash flow of Inca for the period from May 2, 2005 to September 30, 2005. The excess of the purchase price over net assets acquired was allocated to mineral properties.

In fiscal 2004, Vena entered into a series of share-for-share exchange transactions that resulted in the acquisition of Vena Resources (2004) Inc. (VRI) and its wholly-owned subsidiary, Compañía Las Dunas De Oro S.A.C. (Las Dunas). Due to the structure of the transactions, this acquisition has been accounted for as a reverse takeover of Vena by Las Dunas as the original Las Dunas shareholders own 62% of the issued and outstanding Common Shares of Vena immediately after closing of the acquisition. A summary of the transactions culminating in the acquisition is as follows:

Acquisition of Compañía Las Dunas De Oro S.A.C.

Effective February 27, 2004, VRI acquired 99.8% of the outstanding Common stock of Las Dunas for a total cost of \$1,916. As consideration for Las Dunas' shares VRI issued 12,300,000 Common Shares, which are the equivalent of 3,562,201 common shares of Vena. As additional consideration, VRI also issued 2,500,000 share purchase warrants with each warrant entitling the holder to purchase one common share for \$0.25 for a period of one year from the issue date. Las Dunas was incorporated on December 11, 2003 under the laws of Peru and began active operations shortly thereafter. Las Dunas operates principally as a mineral exploration company in Peru, South America.

The acquisition has been accounted for by the purchase method as a reverse takeover of VRI by Las Dunas since the then existing shareholders of Las Dunas own 75% of the issued and outstanding Common Shares of VRI immediately after closing of the acquisition. Accordingly, for accounting purposes Las Dunas has been treated as the acquirer of VRI.

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

**Year Ended September 30, 2005 and Period from
December 11, 2003 (date of incorporation) to September 30, 2004**

2. Acquisitions of Businesses (Continued)

Acquisition of Compañía Las Dunas De Oro S.A.C. (Continued)

The consolidated balance sheets of the Company is based upon the accounts of Las Dunas at its historic net book value, which have been consolidated with the accounts of VRI at the estimated fair value of net assets acquired at the time of the acquisition. The consolidated statements of operations and deficit and changes in cash flows for the comparative period represent the results of operations and changes in cash flow of Las Dunas for the period December 11, 2003 (date of incorporation) to September 30, 2004 together with the results of operations and changes in cash flow of VRI from February 27, 2004 to September 30, 2004.

The deemed acquisition of VRI is recorded at an ascribed value of \$1,961, and is based on the fair value of the assets and liabilities acquired, which are summarized as follows:

Cash	\$	3,000
Other current assets		2,557
Current liabilities		(3,596)
Fair value of net assets acquired	\$	1,961

Acquisition of Vena Resources (2004) Inc.

Effective April 17, 2004, Vena acquired 100% of the outstanding common shares and warrants of VRI for a total cost of \$4,833. As consideration Vena issued 24,167,000 common shares for VRI's shares and 2,500,000 purchase warrants for VRI's warrants. Each Vena warrant issued entitles the holder to acquire one common share for \$0.25 for a period of one year from the issue date of the original VRI warrants. VRI was incorporated on November 28, 2003 under the laws of Ontario and began active operations when it acquired Compañía Las Dunas De Oro S.A.C. (see above). VRI operates principally as a holding company as its principal asset is represented by the shares of Las Dunas.

The acquisition has been accounted for by the purchase method as a reverse takeover of Vena by VRI since the then existing shareholders of VRI own 91% of the issued and outstanding Common Shares of Vena immediately after closing of the acquisition. Accordingly, for accounting purposes VRI has been treated as the acquiror of Vena.

The consolidated balance sheets of the Company is based upon the accounts of VRI at its historic net book value, which have been consolidated with the accounts of Vena at the estimated fair value of net assets acquired at the time of the acquisition.

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

**Year Ended September 30, 2005 and Period from
December 11, 2003 (date of incorporation) to September 30, 2004**

2. Acquisitions of Businesses (Continued)

Acquisition of Vena Resources (2004) Inc. (Continued)

The deemed acquisition of VRI is recorded at an ascribed value of \$4,833, and is based on the fair value of the assets and liabilities acquired, which are summarized as follows:

Cash	\$	-
Other current assets		141
Current liabilities		(1,808)
Deficiency in net assets acquired		(1,667)
Fair value of consideration paid		4,833
Excess of purchase price over deficiency in net assets acquired	\$	6,500

The excess of the purchase price paid over the deficiency in net assets acquired was allocated to mineral properties.

3. Mineral Properties and Deferred Expenditures

	Mineral Properties	Exploration Costs	Development Costs	Total
Balance at September 30, 2004	\$ 1,332,044	\$ 18,746	\$ -	\$ 1,350,790
Additions during the year	1,111,210	1,505,182	195,146	2,811,538
Balance at September 30, 2005	\$ 2,443,254	\$ 1,523,928	\$ 195,146	\$ 4,162,328

Aucapampa Property

The property is located in the country of Peru on the west coast of South America in the Department of Apurimac. The property comprises 2,970 hectares of mining concessions. The three concessions are registered under the legal names of Nueva Alicia 1, Nueva Alicia 2 and Nueva Alicia 3.

Pursuant to an option agreement dated February 10, 2004, as amended, among Vena, Rosario Espino Quijandria, Alicia Rico Quijandria and Jesus Rico Quijandria (the "Aucapampa Option") Vena has an option to acquire 100% of the property under the following terms and conditions:

- initial payment of US\$60,000 which was made upon registering the option agreement

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

**Year Ended September 30, 2005 and Period from
December 11, 2003 (date of incorporation) to September 30, 2004**

3. Mineral Properties and Deferred Expenditures (Continued)

Aucapampa Property (Continued)

- monthly payments are to be made as follows: US\$20,000 for years 1 and 2, US\$25,000 for year 3, US\$50,000 for year 4 and US\$70,000 for year 5
- a final payment of US\$850,000 is payable in the 6th year of the option
- on commercial production a net smelter royalty of 1 percent is to be paid on all sales receipts net of ad valorem taxes, sales costs, measuring and transportation costs and insurance costs
- the option can be cancelled by Vena at any time without penalty

Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

The terms of this agreement were amended as follows:

- Term of the agreement: December 31, 2004 to December 31, 2007
- The optionor will receive US\$3.00 per ounce gold mined for a minimum of 500,000 ounces to transfer title
- Monthly payments are hereby adjusted from US\$60,000 per month to US\$7,500 per month for the term of the option.

Las Princesas Property

The property is located in the country of Peru and is located in the Department of La Libertad. The property comprises 1,050 hectares of mining concessions. The property is comprised of two concessions, comprising a total of 1,050 hectares. The property is owned by Nueva Princesa S.A.C., 60 percent of which is owned by Las Dunas. Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

Pursuant to a shareholder operating agreement dated June 8, 2004, as amended, among Vena, Jorge Blecker Benduzu and Alexandra Vidaurre Otayza (the "Las Princesas Operating Agreement"), Vena through its subsidiary Las Dunas, created an operating company to continue exploration work on the property. The agreement covers a project area comprising the above referenced two concessions.

The Las Princesas Operating Agreement, as amended, sets out the following terms and conditions:

- The operating company, Nueva Princesa S.A.C. is owned 60% by Las Dunas and 40% by Mr. Jorge Blacker Benduzu.

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

Year Ended September 30, 2005 and Period from
December 11, 2003 (*date of incorporation*) to September 30, 2004

3. Mineral Properties and Deferred Expenditures (*Continued*)

Las Princesas Property (Continued)

- The operating company will develop a small mine producing 75 tonnes per day of feed to a plant that will be purchased by Las Dunas for an estimated cost of \$530,100. The mine will be operating within 3 months of the signing of the agreement, as amended, providing there is sufficient ore to feed the plant. In the event the plant is not operating at capacity within 3 months of such date, Las Dunas will have up to 1.5 years to bring the operation into production.
- Las Dunas will recover US\$520,000 from the profits of the mine starting in the second year of operation to a maximum monthly payment of \$43,333. Mr. Blacker will also receive a total payment of \$133,000 paid every 3 months starting in the second year of operation. This agreement is currently being re-negotiated.

Azulcocha Property

The property is located in the country of Peru in the Department of Junin. The property comprises 1,744 hectares of mining concessions. The property is owned by Compania Azure del Peru S.A.C., 80% of which is owned by Las Dunas. Under Peruvian law, the concessions acquired from the government remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. Once grace year is added in the event of a delinquent payment.

Uranium Concessions

On February 8, 2005, Vena staked 9,600 hectares of uranium concessions in Peru. These concessions are 100% owned by Vena. On March 4, 2005, Vena staked an additional 4,300 hectares of uranium properties in Peru which brought Vena's total uranium holdings to 13,900 hectares.

The Aurora Project

On March 23, 2005, Vena signed a purchase option agreement with Sociedad Minera Parobamba II (Parobamba), a private Peruvian company, for its Aurora copper-molybdenum project in Peru. The Aurora project is located in the Department of Cusco.

Terms of the purchase option include a payment of US\$25,000 at the signing of the registerable transfer documents and a payment of \$25,000 after 4 months of confirmation testing with subsequent payments of US\$25,000 6 months after the confirmation period and US\$50,000 after 12 months. This payment cycle repeats for each of the next 4 years. At any time during the five years, Vena can drop the option without penalty or purchase the property for a total of US\$4,000,000. There is a work commitment of US\$500,000 in each of the five years of the option period.

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

**Year Ended September 30, 2005 and Period from
December 11, 2003 (date of incorporation) to September 30, 2004**

4. Capital Stock

Share Capital

Vena is authorized to issue an unlimited number of common shares without par value. On April 16, 2004, the Company filed Articles of Amendment to consolidate each of the issued and outstanding common shares by changing up to every three issued and outstanding common shares into one common share with fractions to be rounded to the nearest whole number.

Vena's issued and outstanding common shares are as follows:

	No.	
Issuance of shares:		
Cash upon incorporation on December 11, 2003	1,216,361	\$ 197
Deemed acquisition of Vena Resources (2004) Inc. (Note 2)	3,562,201	1,916
Private placements for cash consideration	1,872,907	1,616,750
Acquisition of mineral properties	347,531	300,000
	6,999,000	1,918,863
3:1 stock consolidation	(4,666,000)	-
Rounding on stock consolidation	13	-
	2,333,013	1,918,863
Deemed acquisition of Vena Resources Inc. (Note 2)	24,167,000	4,833
Cash upon exercise of warrants	62,500	15,625
Balance at September 30, 2004	26,562,513	1,939,321
Private placements for cash consideration	14,048,381	6,176,514
Cash upon exercise of warrants	1,102,000	275,500
Acquisition of mineral properties	100,000	38,000
Acquisition of Inca Gold Company S.A.C. (Note 2)	800,000	240,000
Fair value of warrants	-	(1,413,000)
Cost of share issuances	-	(222,516)
Balance at September 30, 2005	42,612,894	\$ 7,033,819

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

**Year Ended September 30, 2005 and Period from
December 11, 2003 (date of incorporation) to September 30, 2004**

4. Capital Stock (Continued)

Share Capital (Continued)

During fiscal 2005, the following private placements were completed:

	October 5, 2004	December 16, 2004	March 22, 2005	April 20, 2005	Total
Date of issuance					
Number of units issued	4,277,500	1,199,000	7,002,227	1,569,654	14,048,381
Gross proceeds of issue	\$ 1,711,000	\$ 479,600	\$ 3,256,025	\$ 729,889	\$ 6,176,514
Number of common shares	4,277,500	1,199,000	7,002,227	1,569,654	14,048,381
Number of common share purchase warrants	2,138,750	599,500	3,501,113	784,827	
Exercise price per warrant	\$ 0.60	\$ 0.60	\$0.60 and \$0.65	\$0.60 and \$0.65	
Expiry date of warrant	April 6, 2006	June 16, 2006	Sept. 22, 2006	Oct. 19, 2006	

Warrants

As of September 30, 2005, Vena has outstanding warrants as follows:

Outstanding at September 30, 2004	2,437,500
Transactions during the period	
Issued	7,297,565
Exercised	(1,102,000)
Expired	(1,335,500)
Outstanding at September 30, 2005	7,297,565

The Company has recorded the fair value of the warrants granted during fiscal 2005 using the Black-Scholes pricing model based on the following assumptions.

	March 22	March 22	April 20	April 20	Total
Number of warrants	1,750,731	1,750,383	392,414	392,413	
Exercise price	0.65	0.60	0.65	0.60	
Market price	0.53	0.53	0.42	0.42	
Expected volatility	162%	162%	147%	147%	
Risk-free interest rate	3.29%	3.259%	2.98%	2.98%	
Expected life (years)	1.5	1.5	1.5	1.5	
Dividend yield	-	-	-	-	
Fair value of warrants	\$607,000	\$619,000	\$92,000	\$95,000	\$1,413,000

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

**Year Ended September 30, 2005 and Period from
December 11, 2003 (date of incorporation) to September 30, 2004**

4. Capital Stock (Continued)

Stock Options

The Company established a stock option plan to provide additional incentive to its directors, officers, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. Vena has the following options outstanding as at September 30, 2005:

	2005	
	Weighted Average Exercise price	No. of options
Outstanding, beginning of the period	\$ -	-
Transactions during the period:		
Granted	0.61	2,825,000
Outstanding, end of the period	0.61	2,825,000
Exercisable, end of the period	0.61	2,614,750

The following table provides additional information about outstanding stock options at September 30, 2005:

Range of Exercise Price	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
\$ 0.40 - \$0.59	350,000	4.5	\$ 0.40	316,000	\$ 0.40
0.60 - \$0.64	375,000	4.5	0.60	198,750	0.60
0.65	2,100,000	4.5	0.65	2,100,000	0.65
	2,825,000	4.5	\$ 0.61	2,614,750	\$ 0.62

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the stock-based compensation for the stock options granted during the period ended September 30, 2005:

Grant Date	January 21	March 21	March 22	June 8	Total
Number of options granted	150,000	375,000	2,100,000	200,000	2,825,000
Exercise price	0.40	0.60	0.65	0.40	
Expected volatility	2.2455	1.6315	1.6215	1.3217	
Risk-free interest rate	3.58%	3.80%	3.89%	3.20%	
Expected life (years)	5	5	5	5	
Dividend yield	-	-	-	-	
Stock-based compensation	59,000	200,000	1,035,000	64,000	
Expensed during the period	\$59,000	\$106,000	\$1,035,000	\$53,000	\$1,253,000

Vena Resources Inc.

Notes to Audited Consolidated Financial Statements

**Year Ended September 30, 2005 and Period from
December 11, 2003 (date of incorporation) to September 30, 2004**

5. Contributed Surplus

Balance as at September 30, 2004	\$ -
Value assigned to:	
Stock options	1,253,000
Unexercised warrants	1,413,000
Balance as at September 30, 2005	<u>\$ 2,666,000</u>

6. Related Party Transactions

During the period, Vena incurred \$321,860 and \$60,000 in consulting and accounting fees respectively, with its directors, senior officers and/or companies to which the directors and/or officers are related.

As at September 30, 2005, there are related party balances in the amount of \$12,500 included in accounts payable and accrued liabilities.

7. Income Taxes

As at September 30, 2005, Vena has \$2,151,000 in non-capital losses carryforward for which no benefit has been recognized in the accounts. If these losses are not utilized, they will expire as follows:

Expiry Date	Amount
2014	\$ 894,000
2015	1,257,000
	<u>\$ 2,151,000</u>

8. Financial Instruments

The carrying of cash, GST and foreign sales taxes recoverable and accounts payable and accrued liabilities represent their fair value due to their short-term nature. Vena is exposed to the following risk related to financial assets and liabilities:

Foreign Exchange Risk

The Company is exposed to foreign exchange risk as a substantial portion of its activities are denominated in foreign currencies.

9. Subsequent events

The Company has granted 300,000 options to purchase common shares exercisable at \$0.50 and expiring January 31, 2008.