

VENA RESOURCES INC.

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

December 31, 2005

Management's discussion and analysis (MD&A) is current to February 26, 2005 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 Principals. 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 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 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 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 for the exploration and confirmation of all 78 targets found by Peruvian Institute of Nuclear Energy (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 is 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 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 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 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 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 \$409,258 or \$0.009 per share for the three month period ended December 31, 2005 compared to a net loss of \$334,434 or \$0.010 per share for the period same period in 2004.

Consulting fees for the three month period ended December 31, 2005 were \$97,358 compared to \$73,310 for the period ended December 31, 2004. These amounts are attributed to fees paid for the evaluation of the Company's properties and for the general operation of the company.

Professional fees expenses for the three month period were \$10,996 compared to \$87,080 for period December 31, 2004. The Company incurred these costs in 2004 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 increase from the current level.

Travel expenses were \$61,852 for the three month period ended December 31, 2005 and \$25,293 for the same period in 2004. This level of activity is expected to continue as the company continues to explore its properties which involve traveling to and throughout Peru and due to numerous shareholder meetings throughout Europe and North America.

Promotion expenses were \$15,108 for the period ended December 31, 2005 and \$31,924 for the same period in 2004. This amount relates to the costs of issuing press releases, use transfer agents, and investor presentations and electronic dissemination of information. The 2004 amount was higher due to the costs associated with a private placement in the period. The current cost level is expected to be maintained.

Office and general and salaries and benefits expenses totaled to \$81,706 for the three month period ended December 31, 2005 compared to \$125,018 for the same period in 2004. These costs are expected to be maintained at these levels in the future. The 2004 expenditure levels were high because the Company was in the startup phase. Las Dunas, the operations subsidiary in Peru, now has its own office and incurred expenses to get up and running.

During the three month period ended December 31, 2005 the Company recognized stock-based compensation expense of \$144,000 as a result of the application of the stock based compensation policy of the CICA. See "Changes in Accounting Policies Including Initial Adoption". See Note 4 of the December 31, 2005 unaudited 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. 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:

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.

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 metalogenic 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 \$699,738 at December 31, 2005, which is decrease of \$549,454 from September 30, 2005 working capital of \$1,249,192.

\$655,178 was spent on mineral properties and deferred exploration and development expenditures for the three month period ended December 31, 2005. These levels of expenditures will probably be maintained in the future.

Subsequent to December 31, 2005, the Company raised \$1,131,250 by issuing 2,262,501 units through private placement. Each unit was priced at \$0.50 and comprised of one common share and one-half common share purchase warrant, which is exercisable at \$0.75 for a period of 12 months post the closing date.

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.

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 consists 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:

	December 31, 2005	Year Ended September 2005	Year Ended September 2004	Year Ended September 2003
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	409,258	3,310,781	754,409	N/A
Loss before extraordinary items per share	0.009	0.091	0.049	N/A
Net Loss	409,258	3,310,781	754,409	N/A
Loss Per Share	0.009	0.091	0.049	N/A
Total Assets	6,062,585	5,855,247	1,848,789	N/A
Total Liabilities	292,464	220,618	263,877	N/A
Cash dividend declared	-	-	-	-

Results for the three months ended:

	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	409,258	488,514	648,300	1,839,533
Loss before extraordinary items per share	0.009	0.011	0.014	0.056
Net Loss	409,258	488,514	648,300	1,839,533
Loss Per Share	0.009	0.011	0.014	0.056

	December 31, 2004	September 30, 2004	June 30, 2004	March 31, 2004
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	334,434	287,245	253,031	214,133
Loss before extraordinary items per share	0.010	0.011	0.012	0.01
Net Loss	334,434	287,245	253,031	214,133
Loss Per Share	0.010	0.011	0.012	0.01

Off-Balance Sheet Arrangements

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

Related Party Transactions

During the period ended December 31, 2005, Kutu Energy Inc. ("KEI") charged the company a total of \$15,000 in respect of the services of James Fairbairn, Chief Financial Officer, of the Company. Mr. Fairbairn beneficially owns KEI. 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 \$45,000 for the three month ended December 31, 2005. Mr. Vegarra 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 \$10,000 under the terms of an employment agreement which expired on November 8, 2005.

Denis Clement and Associates charged the Company \$5,000 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

	December 31, 2005	September 30, 2005
Mineral properties		
Capitalized mineral properties and deferred expenditures	\$ 4,817,506	\$ 4,162,328
Expensed development and exploration	-	-
Corporate expenses	\$ 409,258	\$ 3,310,781
Total Assets	\$ 6,062,585	\$ 5,855,247

Mineral properties and deferred expenditures	December 31	September 30
	2005	2005
	Capitalized	Capitalized
Acquisition costs	\$ 1,801,187	\$ 1,656,997
Geology	\$ 1,137,997	\$ 930,940
Drilling	\$ 1,043,676	\$ 777,544
Assaying	\$ 74,188	\$ 74,188
Transportation	\$ 155,607	\$ 155,607
Labour	\$ 127,754	\$ 127,754
Amortization	\$ 24,618	\$ 24,618
Other	\$ 179,619	\$ 179,619
Facilities and machinery - net	\$ 272,860	\$ 235,061
	\$ 4,817,506	\$ 4,162,328

Corporate Expenses	Year ended	
	December 31, 2005	September 30, 2005
	\$	\$
Stock-based compensation	144,000	1,253,000
Office and general:		
Rent	4,272	21,660
Internet	1,726	14,637
Insurance	12,380	19,397
Telephone and computers	5,369	20,733
Administrative expense	32,633	107,095
Printing and copying	800	22,100
Other expense	4,670	29,680
Salaries and benefits	19,856	324,089
Consulting	97,358	768,940
Professional fees	10,996	135,972
Travel	61,852	216,287
Promotion	15,108	291,245
Foreign exchange (gain) loss	(1,762)	64,712
	\$ 409,258	\$ 3,310,781

Outstanding Share Data	23-Feb-06	30-Sep-05
Issued and outstanding common shares	45,004,895	42,612,894
Outstanding options to purchase common shares	3,775,000	2,825,000
Outstanding warrants to purchase common shares	8,299,315	7,297,565

Stock-Based compensation

See notes 1 and 4 of the December 31, 2005, unaudited consolidated financial statements for a full disclosure of the valuation model used to calculate the Stock-based compensation in the amount of \$144,000.

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 unaudited 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 unaudited 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 not independently examined the consolidated financial statements for the period ended December 31, 2005.

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

February 27, 2006

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

Vena Resources Inc.

**Unaudited Consolidated
Financial Statements**

**Three Month Period Ended
December 31, 2005**

Notice to Reader

Management has compiled the unaudited interim financial information of Vena Resources Inc. consisting of the interim Consolidated Balance Sheet as at December 31, 2005 and the Consolidated Statements of Operations and Deficit and Cash Flows for the three month period ended December 31, 2005. All amounts are stated in Canadian Dollars. An accounting firm has not reviewed or audited this interim financial information.

Vena Resources Inc.

Consolidated Balance Sheet

	December 31, 2005	September 30, 2005
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash	\$ 278,022	\$ 727,451
GST and foreign sales taxes recoverable	621,657	600,308
Prepaid expenses	37,245	84,577
	936,924	1,412,336
Mineral Properties and Deferred Expenditures <i>(Note 3)</i>	4,817,506	4,162,328
Capital Assets <i>(Note 1)</i>	308,155	280,583
	\$ 6,062,585	\$ 5,855,247
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 237,186	\$ 163,144
Minority Interest	55,278	57,474
	292,464	220,618
Shareholders' Equity		
Capital Stock <i>(Note 4)</i>	7,033,819	7,033,819
Contributed Surplus <i>(Note 5)</i>	2,810,000	2,666,000
Capital Stock Subscribed <i>(Note 4)</i>	400,750	-
Deficit	(4,474,448)	(4,065,190)
	5,770,121	5,634,629
	\$ 6,062,585	\$ 5,855,247

See notes to the unaudited consolidated financial statements

Vena Resources Inc.

Consolidated Statement of Operations and Deficit

<i>Three Months Ended December 31,</i>	2005	2004
Operating Expenses	(Unaudited)	(Unaudited)
Stock-based compensation <i>(Note 4)</i>	\$ 144,000	\$ -
Consulting	97,358	73,310
Salaries and benefits	19,856	-
Promotion	15,108	31,924
Office and general	61,850	125,018
Travel	61,852	25,293
Professional fees	10,996	87,080
Foreign exchange (gain) loss	(1,762)	(8,191)
Net Loss	\$ 409,258	\$ 334,434
Deficit at beginning of period	4,065,190	754,409
Deficit at end of period	\$ 4,474,448	\$ 1,088,843
Net Loss per share	0.9¢	1.0¢

See notes to the unaudited consolidated financial statements

Vena Resources Inc.

Consolidated Statement of Cash Flow

<i>Three Months Ended December 31,</i>	2005	2004
Operating	(Unaudited)	(Unaudited)
Net loss	\$ (409,258)	\$ (334,434)
Adjustments to reconcile net loss to cash flow from operating activities:		
Stock-based compensation	144,000	-
Net change in non-cash working capital items:		
Prepaid expenses	47,332	-
GST and foreign sales taxes recoverable	(21,349)	(84,738)
Accounts payable and accrued liabilities	71,846	7,581
Cash Flow Used in Operating Activities	(167,429)	(411,591)
Financing		
Issuance of common shares, net of fees	-	1,705,550
Capital stock subscribed	400,750	-
Cash Flow Provided by Financing Activities	400,750	1,705,550
Investing		
Mineral properties and deferred exploration expenditures	(655,178)	(660,049)
Additions to capital assets	(27,572)	-
Cash Flow Used in Investing Activities	(682,750)	(660,049)
Increase (decrease) in Cash	(449,429)	633,910
Cash at beginning of period	727,451	87,699
Cash at end of period	\$ 278,022	\$ 721,609

See notes to the unaudited consolidated financial statements

Vena Resources Inc.

Notes to Unaudited Consolidated Financial Statements

December 31, 2005

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 Unaudited Consolidated Financial Statements

December 31, 2005

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%

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 period.

Vena Resources Inc.

Notes to Unaudited Consolidated Financial Statements

December 31, 2005

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 acquiror of VRI.

Vena Resources Inc.

Notes to Unaudited Consolidated Financial Statements

December 31, 2005

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 Unaudited Consolidated Financial Statements

December 31, 2005

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, 2005	\$ 2,443,254	\$ 1,523,928	\$ 195,146	\$ 4,162,328
Additions during the period	24,190	630,988	-	655,178
Balance at December 31, 2005	\$ 2,467,444	\$ 2,154,916	\$ 195,146	\$ 4,817,506

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 Unaudited Consolidated Financial Statements

December 31, 2005

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 Unaudited Consolidated Financial Statements

December 31, 2005

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 Unaudited Consolidated Financial Statements

December 31, 2005

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
Deemed 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 December 31, 2005 and September 30, 2005	42,612,894	\$ 7,033,819

Capital stock subscribed

Subsequent to December 31, 2005, the Company raised \$1,131,250 by issuing 2,262,501 units through private placement. Each unit was priced at \$0.50 and comprised of one common share and one-half common share purchase warrant, which is exercisable at \$0.75 for a period of 12 months post the closing date.

Vena Resources Inc.

Notes to Unaudited Consolidated Financial Statements

December 31, 2005

4. Capital Stock (Continued)

Warrants

As of December 31, 2005, Vena had outstanding warrants as follows:

Expiry Date	Price	# of Warrants
April 6, 2006	0.40	182,250
April 6, 2006	0.60	2,229,875
June 16, 2006	0.60	599,500
September 22, 2006	0.60	1,750,384
September 22, 2006	0.65	1,750,729
October 19, 2006	0.60	392,414
October 19, 2006	0.65	392,413
Exercisable, end of the period		7,297,565

Subsequent to December 31, 2005, 129,500 warrants were exercised for total proceeds of \$54,300.

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 December 31, 2005:

	2006	
	Weighted Average Exercise price \$	No. of options
Outstanding, beginning of the period	0.61	2,825,000
Transactions during the period:		
Granted	0.50	300,000
Outstanding, end of the period	0.60	3,125,000
Exercisable, end of the period	0.60	3,018,000

The following table provides additional information about outstanding stock options at December 31, 2005:

Weighted Average 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	350,000	4.3	\$ 0.40	328,500	\$ 0.40
0.50	300,000	4.9	0.50	300,000	0.50
0.60	375,000	4.3	0.60	289,500	0.60
0.65	2,100,000	4.3	0.65	2,100,000	0.65
	3,125,000	4.2	\$ 0.60	3,018,000	\$ 0.60

Vena Resources Inc.

Notes to Unaudited Consolidated Financial Statements

December 31, 2005

4. Capital Stock (Continued)

Share Capital (Continued)

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 December 31, 2005:

Grant Date	March 21	June 8	Dec 14	Total
Number of options granted	375,000	50,000	300,000	725,000
Exercise price	0.60	0.40	0.50	
Expected volatility	1.6315	1.3217	0.8378	
Risk-free interest rate	3.80%	3.20%	3.95%	
Expected life (years)	5	5	3	
Dividend yield	-	-	-	
Stock-based compensation	200,000	16,000	90,000	
Expensed during the period	\$50,000	\$4,000	\$90,000	\$144,000

On February 8, 2006, Vena entered into a consulting agreement with a public relations firm. The Company granted the public relations firm 250,000 options exercisable at \$0.56 as a signing bonus and an additional 200,000 options exercisable at \$0.56 as a performance bonus subject to Vena's share price trading at \$1.50 for 20 consecutive days.

On February 10, 2006, the Company granted 200,000 stock options to a director. The options are exercisable at \$0.70.

5. Contributed Surplus

Balance as at September 30, 2005	\$ 2,666,000
Value assigned to:	
Stock options	144,000
Unexercised warrants	-
Balance as at December 31, 2005	\$ 2,810,000

6. Related Party Transactions

During the period, Vena incurred \$60,000 and \$15,000 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 December 31, 2005, there are related party balances in the amount of \$65,000 included in accounts payable and accrued liabilities.

Vena Resources Inc.

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7. Income Taxes

As at September 30, 2005, Vena had \$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.