

VENA RESOURCES INC.

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

September 30, 2006

Management's discussion and analysis (MD&A) is current to January 24, 2007 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, 2006. Audited Consolidated Financial Statements and related Notes to the Audited Consolidated Financial Statements 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 Azulcocha and Las Princesas properties.

Other properties of Vena are the Azulcocha property, the Inca Gold projects, the Aurora project, the Tantar project, the Pucara project, the Huachon 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 has completed a pre-feasibility study of the Azulcocha tailings property and has hired MineFill Services Inc. to complete a scoping study in February 2007.

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. These assets are held through a 100% owned subsidiary – Minergia S.A.C.
- 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, late 2006 Vena added the Huachon project a high-grade narrow vein system in central Peru – the company expect to aggressively study Huachon;
- 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 company added the Pucara project to this division. Pucara was previously drilled by CVRD from Brazil and Vena is in the process of evaluation the next campaign
- The Mining Group responsible for the Azulcocha project, a historically high-grade zinc, manganese and gold mine, completed a NI43-101 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 leading to a scoping study to be completed in February 2007. The company also signed a joint venture agreement with Glencore of Switzerland to explore the western portion of the project leading to a feasibility study in 24 months.

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 the 2006 and 2005 audited consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities and the reported net loss.

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	\$
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 since May 2, 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 \$2,961,114 or \$0.064 per share for the year ended September 30, 2006 compared to a net loss of \$3,310,781 or \$0.091 per share for the same period in 2005.

During the fourth quarter ending September 30, 2006 consulting decreased by \$57,532 to \$302,285 compared to \$359,817 in the same period in 2005. The Consulting fees for the year ended September 30, 2006 were \$656,711 compared to \$768,940 for the period ended September 30, 2005. These amounts are attributed to fees paid for the evaluation of the Company's properties and for the general operation of the company. The majority of these fees were incurred in Peru.

During the fourth quarter ending September 30, 2006, salaries and benefits declined by \$109,748 to \$214,341 from \$324,089 in 2005. Salaries and benefits for the year ended September 30, 2006 were \$379,640 compared to \$324,089 for the period ended September 30, 2005. These are the salaries paid in Peru.

The professional fees in the fourth quarter 2006 are \$25,972 compared to \$34,430 in the same period in 2005. Professional fees expenses for the year ended September 30, 2006 were \$59,392 compared to \$135,972 for period September 30, 2005. In 2005, the Company incurred legal fees to prepare the application to obtain the right to list on the TSX Venture Exchange which attributes to the lower expense in 2006.

During the fourth quarter ending September 30, 2006, travel expenses increased by \$105,437 to \$160,100 compared to \$54,663 in 2005. Travel expenses were \$301,080 for the year ended September 30, 2006 and \$216,287 for the same period in 2005. 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.

During the fourth quarter ending September 30, 2006 shareholder information declined by \$16,744 to \$103,394 compared to \$120,138 in the same period in 2005. Shareholder information expenses were \$384,017 for the period ended September 30, 2006 and \$291,245 for the same period in 2005. This amount relates to the costs of issuing press releases, transfer agents, investor presentations, use of investor relation groups in Canada and Europe and the electronic dissemination of information. The current cost level is not expected to be maintained at these levels in the future.

During the fourth quarter ending September 30, 2006, office and general expenses declined by \$44,476 to \$133,107 compared to \$177,583 in 2005. This decline in fourth quarter activity is due year end adjustments and reclassification of expenses. Office and general totaled to \$214,368 for the year ended September 30, 2006 compared to \$235,302 for the same period in 2005. These costs are expected to be maintained at these levels in the future. These costs were incurred in operating two offices in two countries although the majority of these costs were incurred in Peru.

Stock based compensation during the fourth quarter 2006 was \$210,250 compared to \$277,749 in 2005. These changes are due to adjustments for fair value on warrants exercised and year end valuation of stock based compensation. During the year ended September 30, 2006, the Company recognized stock-based compensation expense of \$634,790 as a result of the application of the stock based compensation policy of the CICA. See Note 4 of the September 30, 2006 audited consolidated financial statements for further explanation.

In the coming months, the Company should also:

- Complete the scoping study of the Azulcocha poly-metallicmine.
- Drill identified regional targets, confirm historical resources and increase Azulcocha's tonnage underground.
- Drill identified regional targets, confirm historical resources part of joint venture on the Azulcocha's West area.
- Complete first phase drilling campaign in Cu/Au Pucara project.
- Complete second phase drilling campaign in Cu/Mo Aurora project.
- Launch field confirmation campaigns on 3 Uranium zones in southern Peru.
- Launch field exploration programs on the Huachon property.

Vena will also continue to acquire and advance high quality projects throughout Peru to expand on its portfolio of projects that currently encompasses around 50,000 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; and
- 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.

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; and
- monthly payments are hereby adjusted to US\$7,500 per month for the term of the option.

This property has been written-off subsequent to September 30, 2006.

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., 78% of which is owned by Las Dunas and 22% 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 event 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 78% by Las Dunas and 22% by Mr. Jorge Blacker Benduzu.
- The operating company could develop a small mine producing 75 tonnes per day of feed to a plant that should be purchased by Las Dunas for an estimated cost of \$530,100. The mine should 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 should 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 should 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.
- Drilling operations were suspended in July 2006 due to objections from local communities regarding water.
- The company increased its shareholding to 78% in the third quarter of 2006.

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., a 100% Vena controlled entity in Peru. 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.

Finally, Vena staked an additional 6,000 hectares and has started an exploration campaign with Glencore who has committed to invest US\$3.75 million dollars over the next 2 years to produce a feasibility report. Vena plans to sell ore from the underground working to Glencore throughout 2007 generating a revenue stream.

Uranium Concessions

On March 29, 2006, Vena began an exploration and confirmation field campaign on its 15,500 hectare uranium concessions in Peru which are controlled by Vena through a 100% owned subsidiary MinerGIA S.A.C.

Vena is encouraged to fast track and mobilize two exploration teams at once to explore its 15,500 hectares over the next months. 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.

The company expects to complete a large geophysics campaign to help defined the next set of drill targets in the second half of 2007.

Pucara Project

The Company acquired a group of concessions in the Pucara area of southern Peru. The Company has agreed to grant 100,000 shares of Vena to the owners of these concessions plus an upfront payment of US\$75,000. Additional shares and cash payments will be granted if key milestones are reached annually, and a US\$1/tonne cash payment up to 10 million tones as defined by a future feasibility study will be granted.

The Pucara project has been mined for 12 years by a small miner. Most recently, Pucara has been explored by CVRD of Brazil, completing 1,600 meters in 8 diamond drilled holes. The mineralization is mainly veins with widths varying from 1 to 5 meters and disseminated structures containing gold and copper. The principal veins are Santo Tomas and Esperanza; both outcrop for more than 2 kilometers. The Gladys disseminated structure located in the center portion of the project outcrops for at least 90 meters by 17 meters, containing chalcopyrite and gold with some galena and sphalerite. Several structures with disseminated mineralization are also present along the northern boundary of the project. Vena plans to retain a metallurgical consultant to test the oxide mineralized portion of the Gladys structure for a possible flotation recovery scheme. If successful, this would be followed by a standard flotation recovery system for the sulfide portion of the Gladys mineralized body.

After a review of the property by Vena personnel as well as a consulting geologist, the Company is applying for permits to drill 4,200 meters in 14 targets. The depth of the holes will range from 150 and 300 meters. This will expand on the work done by CVRD of Brazil and should lead to a 43-101 report on the prospect.

Capital Resources, Capital Expenditures and Liquidity

The Company's working capital was \$1,740,791 at September 30, 2006, which is an increase of \$491,779 from September 30, 2005 working capital of \$1,249,192.

During the fourth quarter ended September 30, 2006 Vena made additions of \$242,175 compared to \$606,823 in fourth quarter fiscal 2005. These differences are due to Vena spending less time in fiscal 2006 on initial production setup and drilling on the properties. \$1,483,805 was spent on mineral properties and deferred exploration and development expenditures for the year ended September 30, 2006. These levels of expenditures will probably be maintained in the future.

On January 16, 2006, the Company raised \$1,131,251 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. The company also had another private placement in September raising \$967,500 by issuing 1,935,000 units. Each unit was priced at \$0.50 and comprised of one common share and one common share purchase warrant, which is exercisable at \$0.75 for a period of 12 months post the closing date.

As at September 30, 2006, Vena received cash in the amount of \$2,001,856 of which \$260,000 of the amount was from the exercise of 425,000 stock options. The remainder, \$1,741,856, was from the exercise of 2,954,016 common share purchase warrants.

Subsequent to September 30, 2006, the Company received cash in the amount of \$3,269,399 of which \$3,259,399 of the amount was from the exercise of common share purchase warrants and the remaining \$10,000 was from the private placement.

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 raised \$3,985,914 through a non-brokered private placement. 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, 2007. 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
Pucara	Phase I - Drilling Campaign	400,000
	Property Payments	75,000
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
	Azulcocha West with Glencore	750,000*
	Property Payment	18,000
	Mine Rehabilitation	200,000
Huachon	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 2007		5,273,000

*These funds are to be provided by Glencore.

In 2007, the Company has decided to drop the Aucapampa project and replace it with more advanced assets (Huacho, Pucara). Pucara and Huachon will be explored in 2007.

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 2006	Year Ended September 2005	Year Ended September 2004	Year Ended September 2003
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	2,961,114	3,310,781	754,409	N/A
Loss before extraordinary items per share	0.064	0.091	0.049	N/A
Net Loss	2,961,114	3,310,781	754,409	N/A
Loss Per Share	0.064	0.091	0.049	N/A
Total Assets	7,600,849	5,855,247	1,848,789	N/A
Total Liabilities	103,975	163,144	263,877	N/A
Cash dividend declared	-	-	-	-

Results for the three months ended:

	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss before extraordinary items	981,396	717,657	852,803	409,258
Loss before extraordinary items per share	0.020	0.015	0.020	0.009
Net Loss	981,396	717,657	852,803	409,258
Loss Per Share	0.020	0.015	0.020	0.009

	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

Off-Balance Sheet Arrangements

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

Related Party Transactions

During the period ended September 30, 2006, Kutu Energy Inc. ("KEI") charged the company a total of \$64,000 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 \$176,250 for the nine month ended September 30, 2006. Mr. Vegarra is retained by the Company pursuant to a verbal consulting agreement on a month-to-month basis.

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.

Changes in Accounting Policies Including Initial Adoption

There were no changes in the Company's accounting policy as at September 30, 2006.

Financial Instruments

The carrying amount of cash, GST and accounts payable and accrued liabilities 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

	Year ended September 30, 2006	Year ended September 30, 2005
Mineral properties		
Capitalized mineral properties and deferred expenditures	\$ 5,576,656	\$ 4,162,328
Expensed development and exploration	-	-
Corporate expenses	\$ 2,961,114	\$ 3,310,781
Total Assets	\$ 7,600,849	\$ 5,855,247

Mineral properties and deferred expenditures	September 30 2006	September 30 2005
	Capitalized	Capitalized
Acquisition costs	\$ 2,190,420	\$ 1,656,997
Geology	\$ 1,269,935	\$ 930,940
Drilling	\$ 1,251,676	\$ 777,544
Assaying	\$ 74,188	\$ 74,188
Transportation	\$ 224,968	\$ 155,607
Labour	\$ 225,206	\$ 127,754
Amortization	\$ 49,996	\$ 24,618
Other	\$ 114,531	\$ 179,619
Facilities and machinery - net	\$ 175,736	\$ 235,061
	\$ 5,576,656	\$ 4,162,328

Corporate Expenses	Year Ended September 30, 2006	Year ended September 30, 2005
	\$	\$
Stock-based compensation	634,790	1,253,000
Office and general:		
Rent	8,760	21,660
Internet	5,507	14,637
Insurance	52,571	19,397
Telephone and computers	18,114	20,733
Administrative expense	109,269	107,095
Printing and copying	13,597	22,100
Salaries and benefits	379,640	324,089
Other expense	6,550	29,680
Consulting	656,711	768,940
Professional fees	59,392	135,972
Travel	301,080	216,287
Shareholders Information	384,017	291,245
Foreign exchange loss	112,539	64,712
Amortization	32,806	21,234
Minority interests	91,637	-
Write-down on properties	94,134	-
	\$ 2,961,114	\$ 3,310,781

Outstanding Share Data	31-Dec-06	30-Sep-06
Issued and outstanding common shares	54,285,835	50,189,411
Outstanding options to purchase common shares	4,225,000	3,100,000
Outstanding warrants to purchase common shares	2,878,000	7,072,674

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 judgment, 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.

Controls and Procedures

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management of the Company, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by the Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as at the end of the year covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws are recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of GAAP statements.

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 period ended September 30, 2006.

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

January 24, 2007

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

**Vena Resources Inc.
(Exploration Stage Company)**

**Audited Consolidated
Financial Statements**

Years Ended September 30, 2006 and 2005

Auditors' Report

To: the Shareholders of
Vena Resources Inc.

We have audited the consolidated balance sheets of Vena Resources Inc. as at September 30, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. 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, 2006 and 2005 and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

January 24, 2007

signed "parker simone LLP"

Vena Resources Inc.
(Exploration Stage Company)

Consolidated Balance Sheets

<i>As at September 30,</i>	2006	2005
Assets		
Current Assets		
Cash and cash equivalents	\$ 870,248	\$ 727,451
GST and foreign sales taxes recoverable	724,959	600,308
Subscriptions receivable	179,750	-
Prepaid expenses	69,809	84,577
	1,844,766	1,412,336
Mineral Properties and Deferred Expenditures (Note 3)	5,576,656	4,162,328
Capital Assets, net of accumulated amortization of \$92,998	179,427	280,583
	\$ 7,600,849	\$ 5,855,247
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 103,975	\$ 163,144
Minority Interest	162,847	57,474
	266,822	220,618
Shareholders' Equity		
Capital Stock (Note 4)	10,470,226	7,033,819
Contributed Surplus (Note 5)	3,890,105	2,666,000
Deficit	(7,026,304)	(4,065,190)
	7,334,027	5,634,629
	\$ 7,600,849	\$ 5,855,247

Approved by the Board:

(Signed) Mark Kesselman, Director

(Signed) Denis Clement, Director

See notes to audited consolidated financial statements

Vena Resources Inc.
(Exploration Stage Company)

Consolidated Statements of Operations and Deficit

Years Ended September 30,	2006	2005
Operating Expenses		
Stock-based compensation <i>(Note 4)</i>	\$ 634,790	\$ 1,253,000
Consulting	656,711	768,940
Salaries and benefits	379,640	324,089
Shareholder relations	384,017	291,245
Office and general	214,368	235,302
Travel	301,080	216,287
Professional fees	59,392	135,972
Foreign exchange loss	112,539	64,712
Amortization	32,806	21,234
Loss before write-down and minority interest	\$ 2,775,343	\$ 3,310,781
Minority interest	91,637	-
Write-down of properties	94,134	-
Net Loss	2,961,114	3,310,781
Deficit at beginning of year	4,065,190	754,409
Deficit at end of year	\$ 7,026,304	\$ 4,065,190
Net Loss per share	6.4¢	9.1¢
Weighted average number of shares outstanding	45,939,783	36,404,967

Vena Resources Inc.
(Exploration Stage Company)

Consolidated Statements of Cash Flow

Years Ended September 30,	2006	2005
Operating		
Net loss	\$ (2,961,114)	\$ (3,310,781)
Adjustments to reconcile net loss to cash flow from operating activities:		
Stock-based compensation	634,790	1,253,000
Unrealized exchange (gain) loss on translation of integrated foreign operations	12,377	(125,948)
Minority interest	91,637	-
Gain on disposal of capital assets	(72,013)	-
Write-down of properties	94,134	-
Amortization	32,806	21,234
Net change in non-cash working capital items:		
Prepaid expenses	13,200	(84,577)
GST and foreign sales taxes recoverable	(120,874)	(381,662)
Accounts payable and accrued liabilities	(21,673)	(100,463)
Cash Flow Used in Operating Activities	(2,296,730)	(2,729,197)
Financing		
Issuance of common shares	3,845,973	5,829,498
Cash Flow Provided by Financing Activities	3,845,973	5,829,498
Investing		
Mineral properties and deferred exploration expenditures	(1,483,805)	(2,299,413)
Proceeds from disposition of capital assets	136,380	-
Additions in capital assets	(50,000)	(88,929)
Cash acquired on acquisition of businesses (Note 2)	-	369
Cash acquired on acquisition of Inca Gold S.A.C. (Note	-	(72,576)
Cash Flow Used in Investing Activities	(1,397,425)	(2,460,549)
Net change in cash and cash equivalents for the year	151,818	639,752
Exchange loss from holding foreign currencies	(9,021)	-
Cash and cash equivalents at beginning of year	727,451	87,699
Cash and cash equivalents at end of year	\$ 870,248	\$ 727,451

See notes to audited consolidated financial statements

Vena Resources Inc.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 2005

General

Vena Resources Inc. (Vena or the Company) was incorporated under the laws of the Province of Ontario, Canada. Its principal business activities are that of mineral exploration in Peru.

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, Inca Gold Company S.A.C., Minergia S.A.C, and Compañía Azure del Peru S.A.C., as well as 78% 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 year.

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.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 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%

During the year, Vena capitalized amortization in the amount of \$16,200 (2005 – 21,234) 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 change 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.

Impairment of Long-lived Assets

Vena reviews mineral properties and deferred costs for impairment on a periodic basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses on long-lived assets are recognized when events or changes in circumstances

Vena Resources Inc.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 2005

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

Impairment of Long-lived Assets *(Continued)*

indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses then are measured by comparing the fair value of assets to their carrying amounts.

Asset Retirement Obligations

At September 30, 2006, the Company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stages. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

2. Acquisitions of Business

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 since May 2, 2005. The excess of the purchase price over 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	324,953	2,291,439	195,146	2,811,538
Balance at September 30, 2005	\$ 1,656,997	\$ 2,310,185	\$ 195,146	\$ 4,162,328
Additions during the year	597,402	880,905	-	1,478,307
Write-down	(63,979)	-	-	(63,979)
Balance at September 30, 2006	\$,190,420	\$,191,090	\$ 195,146	\$ 5,576,656

**Vena Resources Inc.
(Exploration Stage Company)**

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 2005

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

Aucapampa Property

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; and
- 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., 78 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 78% by Las Dunas and 22% by Mr. Jorge Blacker Benduz.

Vena Resources Inc.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 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., 100% 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

Vena controls 15,500 hectares of uranium properties in Peru through a 100% owned subsidiary – Minergia S.A.C.

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.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 2005

4. Capital Stock

Share Capital

Vena is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

	No.	
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. (<i>Note 2</i>)	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
Private placements for cash consideration	4,197,501	2,098,751
Cash upon exercise of warrants	2,954,016	1,741,856
Stock options exercised	425,000	260,000
Fair value assigned to warrants exercised	-	96,470
Fair value assigned to options exercised	-	204,215
Fair value of warrants issued	-	(890,000)
Cost of share issuances	-	(74,885)
Balance at September 30, 2006	50,189,411	\$ 10,470,226

Vena Resources Inc.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 2005

4. Capital Stock (Continued)

During fiscal 2006, the following private placements were completed:

Date of issuance	Jan. 12, 2006	Jan. 16, 2006	Sept. 15, 2006	Sept. 28, 2006	Total
Number of units issued	1,272,501	990,000	1,360,000	575,000	4,197,501
Gross proceeds of issue	\$ 636,251	\$ 495,000	\$ 680,000	\$ 287,500	\$ 2,098,751
Number of common shares	1,272,501	990,000	1,360,000	575,000	
Number of common share purchase warrants	636,250	495,000	1,360,000	575,000	3,066,250
Exercise price per warrant	\$ 0.75	\$ 0.75	\$0.75	\$0.75	
Expiry date of warrant	Jan. 12, 2007	Jan. 16, 2007	Sept. 15, 2008	Sept. 28, 2008	

During fiscal 2005, Vena had private placements for 14,048,381 common shares and gross proceeds of \$6,176,514.

Subsequent to September 30, 2006, additional 20,000 common shares were issued from private placement for a total cash consideration of \$10,000.

Warrants

As of September 30, 2006, Vena has outstanding warrants as follows:

	2006	2005
Outstanding at September 30	7,297,565	2,437,500
Transactions during the period		
Issued	3,066,250	7,297,565
Exercised	(2,954,016)	(1,102,000)
Expired	(337,125)	(1,335,500)
Outstanding at September 30	7,072,674	7,297,656

	January 16	September 15	September 28	Total
Number of warrants	1,131,250	1,360,000	575,000	3,066,250
Exercise price	0.75	0.75	0.75	
Market price	0.50	0.59	0.53	
Expected volatility	125%	129%	124%	
Risk-free interest rate	3.79%	3.99%	3.90%	
Expected life (years)	1	2	2	
Dividend yield	-	-	-	
Fair value of warrants	\$212,000	\$490,000	\$179,000	\$881,000

Subsequent to September 30, 2006, the Company issued 4,999,424 common shares on the exercise of warrants for a total cash consideration of \$3,259,399.

Vena Resources Inc.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 2005

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, 2006:

	2006	
	Weighted Average Exercise price	No. of options
Outstanding, beginning of the year	\$0.61	2,825,000
Transactions during the year:		
Granted	0.62	1,850,000
Exercised	0.61	(425,000)
Expired	0.62	(1,150,000)
Outstanding, end of the year	0.61	3,100,000
Exercisable, end of the year	0.61	2,630,000

The following table provides additional information about outstanding stock options at September 30, 2006:

	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	800,000	3.3	\$ 0.48	666,000	\$ 0.46
0.60 - 0.64	300,000	3.5	0.60	300,000	0.60
0.65 - 0.84	1,850,000	2.8	0.66	1,599,500	0.65
0.85 - 0.99	150,000	4.6	0.85	64,500	0.85
	3,100,000	3.1	\$ 0.61	2,630,000	\$ 0.60

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 year ended September 30, 2006:

	2006	2005
Number of options granted	1,850,000	2,825,000
Weighted average information		
Risk-free interest rate	4.05%	3.81%
Expected life	2.8 years	5 years
Expected volatility	137%	163%
Expected dividends	0	0
Stock-based compensation	\$ 634,790	\$1,253,000

Subsequent to September 30, 2006, the Company granted its officers and director 1,425,000 options to purchase common shares exercisable at \$0.60 and expiring November 3, 2011.

Vena Resources Inc.
(Exploration Stage Company)

Notes to Audited Consolidated Financial Statements

Years Ended September 30, 2006 and 2005

5. Contributed Surplus

	2006	2005
Balance as at September 30	2,666,000	-
Value assigned to:		
Stock options	634,790	1,253,000
Unexercised warrants	890,000	1,413,000
Fair value assigned to options exercised	(204,215)	-
Fair value assigned to warrants exercised	(96,470)	-
Balance at September 30	3,890,105	2,666,000

6. Related Party Transactions

During the period, Vena incurred \$181,250 and \$64,000 in consulting and accounting fees respectively, with its directors, senior officers and/or companies to which the directors and/or officers are related. These expenses have been measured at their exchange value.

As at September 30, 2006, there are related party balances in the amount of \$6,950 included in accounts payable and accrued liabilities.

7. Income Taxes

As at September 30, 2006, Vena has \$3,361,000 in non-capital losses carry forward 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
2026	1,210,000
	\$ 3,361,000

8. Financial Instruments

The carrying amount of cash and cash equivalents, 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.

Vena Resources Inc.
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9. Segmented Information

Vena is in the business of mineral exploration in the country of Peru. As such, management has organized the Company's reportable segments by geographic area. The Peruvian segment is responsible for that country's mineral exploration activities while the Canadian segment manages corporate head office activities. Information concerning Vena's reportable segments is as follows:

	2006	2005
Consolidated net loss before minority interest		
Canada	\$ 2,047,938	\$ 2,806,478
Peru	821,539	504,303
	2,869,477	3,310,781
Identifiable assets		
Canada	921,332	556,542
Peru	6,679,517	5,298,705
	7,600,849	5,855,247
Significant non-cash items		
Canada		
Stock-based compensation	634,790	1,253,000
Peru		
Write-down of properties	94,134	-
Gain on disposal of capital assets	(72,013)	-
	22,121	-
	\$ 656,911	\$ 1,253,000

10. Subsequent events

Property acquisition

Subsequent to September 30, 2006, Vena acquired a group of concessions in the Pucara area of Southern Peru. The Company has agreed to grant 100,000 shares to the owners of these concessions plus an upfront payment of US\$75,000.

Commitment

Effective November 1, 2006, Vena entered into a one year consulting agreement with an Investor Relations firm. The Company issued 250,000 options exercisable at \$0.60, for a period of one year.