

**NOTICE TO SHAREHOLDERS  
FOR THE THREE AND SIX MONTHS ENDED  
JUNE 30, 2006**

**SIMBERI MINING CORPORATION  
(FORMERLY SIMBERI GOLD CORPORATION)  
(A Development Stage Company)**

Responsibility for consolidated financial statements

The accompanying consolidated financial statements for Simberi Mining Corporation (formerly Simberi Gold Corporation) have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2005 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Simberi Mining Corporation (formerly Simberi Gold Corporation) have not performed a review of the unaudited consolidated financial statements for the three and six months ended June 30, 2006 and June 30, 2005.

**SIMBERI MINING CORPORATION**  
**(Formerly Simberi Gold Corporation)**  
(A Development Stage Company)  
**Consolidated Balance Sheets**

|   | June 30,<br>2006<br>(Unaudited) | December 31,<br>2005<br>(Audited) |
|---|---------------------------------|-----------------------------------|
| <b>Assets</b>                                       |                                 |                                   |
| Current   |                                 |                                   |
| Cash and cash equivalents                           | \$ 4,307,586                    | \$ 5,426,357                      |
| Sundry receivable                                   | 31,699                          | 23,012                            |
| Prepaid expenses                                    | 8,552                           | 18,264                            |
| Due from related parties (Note 6)                   | 437,410                         | 448,057                           |
| Loan receivable                                     | 55,810                          | 58,295                            |
| Investment  | -                               | 547,274                           |
|   | 4,841,057                       | 6,521,259                         |
| Equipment, net of accumulated amortization          | 3,940                           | 3,981                             |
| Mining interests (Note 3)                           | 4,713,801                       | 687,274                           |
|   | \$ 9,558,798                    | \$ 7,212,514                      |
| <b>Liabilities and Shareholders' Equity</b>         |                                 |                                   |
| Current   |                                 |                                   |
| Accounts payable and accrued liabilities            | \$ 106,141                      | \$ 358,593                        |
| Net liabilities assumed from related party (Note 6) | 29,880                          | 29,880                            |
|   | 136,021                         | 388,473                           |
| Non-controlling interest                            | -                               | 49,826                            |
|   | 136,021                         | 438,299                           |
| Shareholders' equity                                |                                 |                                   |
| Share capital (Note 4)                              | 8,576,046                       | 6,274,715                         |
| Warrants (Note 5(b))                                | 2,002,000                       | 2,002,000                         |
| Contributed Surplus (Note 5(c))                     | 855,443                         | 740,396                           |
| Deficit   | (2,010,712)                     | (2,242,896)                       |
|   | 9,422,777                       | 6,774,215                         |
|   | \$ 9,558,798                    | \$ 7,212,514                      |

**SIMBERI MINING CORPORATION**  
**(Formerly Simberi Gold Corporation)**  
**(A Development Stage Company)**  
**Consolidated Statements of Operations and Deficit**

|  | Cumulative<br>From<br>Incorporation<br>October 28, 2003 | Three Months Ended<br>June 30,<br>(Unaudited) |                | Six Months Ended<br>June 30,<br>(Unaudited) |                |
|--|---|---|----------------|---|----------------|
|  |   | 2006  | 2005           | 2006  | 2005           |
| <b>Expenses</b>  |   |   |                |   |                |
| Accounting and corporate services                          | \$ 65,250   | \$ 12,751                                     | \$ 8,277       | \$ 19,066                                   | \$ 13,843      |
| Filing fees  | 24,533  | 2,199   | 2,645          | 8,509                                       | 5,583          |
| Financing costs written off                                | 436,319   | -   | -              | -   | -              |
| Foreign exchange   | (253,640)   | (272,829)                                     | (244)          | (272,034)                                   | (244)          |
| General and administrative                                 | 512,444   | 175,990                                       | 14,884         | 224,602                                     | 28,803         |
| Legal and audit  | 282,865   | 17,773  | 20,719         | 38,551                                      | 32,628         |
| Management fees  | 513,220   | -   | (60,000)       | -   | -              |
| Professional and consulting fees                           | 712,378   | 296,777                                       | 63,877         | 378,256                                     | 92,107         |
| Investor relations   | 148,297   | 10,473  | 17,676         | 31,469                                      | 26,314         |
| Stock-based compensation                                   | 922,693   | 78,990  | 77,540         | 186,878                                     | 232,621        |
| Directors' compensation                                    | 89,000  | -   | 89,000         | -   | 89,000         |
| Amortization   | 1,010   | 263   | -              | 491   | -              |
| Write-down of mining interests                             | 135,139   | -   | -              | -   | -              |
|  | <b>3,589,508</b>  | <b>322,387</b>                                | <b>234,374</b> | <b>615,788</b>                              | <b>520,655</b> |
| Net loss for the period before the<br>undernoted           | (3,589,508)   | (322,387)                                     | (234,374)      | (615,788)                                   | (520,655)      |
| Interest income  | 127,076   | 50,926  | 13,019         | 81,220                                      | 13,019         |
| Gain on disposition of investment                          | 766,752   | 654,707                                       | -              | 766,752                                     | -              |
| Gain on sale of mining interest                            | 1,155,328   | -   | (1,602)        | -   | 1,265,145      |
| Non-controlling interest's share of<br>income              | (175)   | -   | -              | -   | -              |
| Net (loss) income for the period                           | (1,540,527)   | 383,246                                       | (222,957)      | 232,184                                     | 757,509        |
| Deficit, beginning of period, as<br>previously stated (*)  | -   | (2,393,958)                                   | (1,274,762)    | (2,242,896)                                 | (2,255,228)    |
| Retroactive restatement of stock<br>based compensation (*) | (4,581)   | -   | -              | -   | -              |
| Deficit, beginning of period, as<br>restated               | (1,545,108)   | (2,393,958)                                   | (1,274,762)    | (2,242,896)                                 | (2,255,228)    |
| Reorganization costs                                       | (465,604)   | -   | -              | -   | -              |
| Deficit, end of period                                     | \$ (2,010,712)  | \$ (2,010,712)                                | \$ (1,497,719) | \$ (2,010,712)                              | \$ (1,497,719) |
| Income/loss per share                                      |   | \$ 0.00                                       | \$ 0.00        | \$ 0.00                                     | \$ 0.01        |
| Weighted average number of shares                          |   | 125,758,845                                   | 94,381,831     | 123,304,014                                 | 94,381,831     |

(\*) Refer to the December 31, 2005 audited consolidated financial statements for details.

**SIMBERI MINING CORPORATION**  
**(Formerly Simberi Gold Corporation)**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**

|  | Cumulative From<br>Incorporation<br>October 28,<br>2003 | Three Months Ended<br>June 30,<br>(Unaudited)<br>2006 | 2005         | Six Months Ended<br>June 30,<br>(Unaudited)<br>2006 | 2005         |
|--|---|---|--------------|---|--------------|
| Cash provided by (used in)                                   |   |   |              |   |              |
| <b>OPERATING ACTIVITIES</b>                                  |   |   |              |   |              |
| Net (loss) income for the period                             | \$ (1,540,527)  | \$ 383,246  | \$ (222,957) | \$ 232,184  | \$ 757,509   |
| Stock-based compensation                                     | 922,693   | 78,990  | 77,540       | 186,878   | 232,621      |
| Amortization   | 1,010   | 263   | -            | 491   | -            |
| Prepaid financing costs written off                          | 60,010  | -   | -            | -   | -            |
| Gain on disposition of investment                            | (766,752)   | (654,707)   | -            | (766,752)   | -            |
| (Gain) loss on sale of mining interest                       | (1,155,328)   | -   | 1,602        | -   | (1,265,145)  |
| Non-controlling interest                                     | 175   | -   | -            | -   | -            |
| Write-down of mining interests                               | 135,139   | -   | -            | -   | -            |
| Changes in non-cash working capital items                    | 95,773  | (394,765)   | 3,733,649    | (251,427)   | (296,620)    |
|  | (2,247,807)   | (586,973)   | 3,589,834    | (598,626)   | (571,635)    |
| <b>INVESTING ACTIVITIES</b>                                  |   |   |              |   |              |
| Purchase of equipment  | (4,950)   | (450)   | -            | (450)   | -            |
| Mining interest acquisition on amalgamation                  | (885,870)   | -   | -            | -   | -            |
| Mining interest expenditures                                 | (5,453,590)   | (811,034)   | (61,670)     | (1,976,353)   | (90,498)     |
| Investment in New Congo Resource<br>Development Company Inc. | (100,000)   | (100,000)   | -            | (100,000)   | -            |
| Proceeds on sale of mining interests                         | 4,198,399   | -   | -            | -   | 4,000,000    |
| Purchase of investment                                       | (1,269,000)   | (1,269,000)   | -            | (1,269,000)   | -            |
| Proceeds on sale of investment                               | 2,583,026   | 2,583,026   | -            | 2,583,026   | -            |
|  | (931,985)   | 402,542   | (61,670)     | (762,777)   | 3,909,502    |
| <b>FINANCING ACTIVITIES</b>                                  |   |   |              |   |              |
| Loan receivable  | (55,810)  | 3,201   | -            | 2,485   | -            |
| Reorganization costs   | (465,607)   | -   | -            | -   | -            |
| Due to/from related parties                                  | (437,410)   | 4,675   | -            | 10,647  | -            |
| Issuance of share capital                                    | 3,504,890   | -   | -            | -   | -            |
| Share issue costs  | (371,466)   | -   | -            | -   | -            |
| Issue of warrants  | 5,143,291   | -   | -            | -   | -            |
| Exercise of stock options                                    | 229,500   | 39,000  | -            | 229,500   | -            |
| Prepaid finance costs written off                            | (60,010)  | -   | -            | -   | -            |
|  | 7,487,378   | 46,876  | -            | 242,632   | -            |
| Change in cash and cash equivalents                          | 4,307,586   | (137,555)   | 3,528,164    | (1,118,771)   | 3,337,867    |
| Cash and cash equivalents, beginning of period               | -   | 4,445,141   | 76,769       | 5,426,357   | 267,066      |
| Cash and cash equivalents, end of period                     | \$ 4,307,586  | \$ 4,307,586  | \$ 3,604,933 | \$ 4,307,586  | \$ 3,604,933 |

# **SIMBERI MINING CORPORATION**

## **(Formerly Simberi Gold Corporation)**

### **(A Development Stage Company)**

#### **Notes to Consolidated Financial Statements**

Three and Six Months Ended June 30, 2006

(Unaudited)

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#### 1. NATURE OF BUSINESS AND ACCOUNTING POLICIES

Simberi Gold Corporation (the "Company" or "Simberi") was incorporated on October 28, 2003 under the Ontario Business Corporations Act. On August 8, 2006, the Company received approval from the TSX Venture Exchange of a name change from Simberi Gold Corporation to Simberi Mining Corporation. The name change has been reflected in these consolidated statements. The Company's main business is the exploration and development of mining projects. In the course of its business the Company evaluates and reviews a number of potential base and precious metal projects throughout the world. At present, the focus of the Company's activities is the exploration and development of a copper/cobalt project in the Democratic Republic of the Congo.

To date, the Company has not earned significant revenues from its projects and is considered to be in the development stage.

The recoverability of amounts shown as mining interests is dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2006 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2006.

The balance sheet at December 31, 2005 has been derived from the audited consolidated financial statements of the Company at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2005. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual consolidated financial statements for the year ended December 31, 2005.

#### 2. NEW ACCOUNTING PRONOUNCEMENTS

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook Section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments - Recognition and Measurement, and Handbook Section 3865, Hedges. These standards are effective for interim and annual financial statements for the Company's fiscal years beginning January 1, 2007.

# SIMBERI MINING CORPORATION

## (Formerly Simberi Gold Corporation)

### (A Development Stage Company)

#### Notes to Consolidated Financial Statements

Three and Six Months Ended June 30, 2006

(Unaudited)

#### 3. MINING INTERESTS

As of June 30, 2006, accumulated costs with respect to the Company's interest in exploration properties owned, leased, under consideration to be acquired or under option, consisted of the following:

|                              | Opening<br>Balance<br>January 1,<br>2006 | Additions<br>(Reductions) | Ending<br>Balance<br>June 30,<br>2006 | Ending<br>Balance<br>December 31,<br>2005 |
|------------------------------|--|---------------------------|---------------------------------------|---|
| Novaking properties (1)      | \$ 106,713                               | \$ 6,365                  | \$ 113,078                            | \$ 106,713                                |
| New Congo properties (1) (2) | 580,561                                  | 4,020,162                 | 4,600,723                             | 580,561                                   |
|                              | \$ 687,274                               | \$ 4,026,527              | \$ 4,713,801                          | \$ 687,274                                |

(1) Refer to Note 9 of the audited December 31, 2005 consolidated financial statements for details of the properties.

(2) During period, the Company completed the acquisition of 100% ownership in the New Congo Resource Development Company Inc. ("NCDC") by acquiring the remaining 33% of NCDC shares the Company did not own. See Note 4 for details.

#### 4. SHARE CAPITAL

|                                      | Shares      | Amount       |
|--------------------------------------|-------------|--------------|
| Balance, December 31, 2005 (audited) | 120,381,831 | \$ 6,274,715 |
| Option exercise - cash               | 1,530,000   | 229,500      |
| Option exercise - valuation          | -           | 71,831       |
| Issuance of shares (1)               | 8,000,000   | 2,000,000    |
| Balance, June 30, 2006 (unaudited)   | 129,911,831 | \$ 8,576,046 |

(1) On May 18, 2006, Simberi, previously the owner of 67% of the outstanding shares of NCDC, has completed the acquisition of the remaining 33% from Quartern Holdings Inc. ("Quartern") through a payment to Quartern of \$100,000 in cash and the issuance to Quartern of 8 million common shares of Simberi at a deemed price of \$0.25. In addition, Quartern has entered into a consulting agreement with Simberi and NCDC pursuant to which Quartern will, amongst other things, assist in the continuing the development of the Kakanda Project. Pursuant to the terms of the consulting agreement, Quartern will also be entitled to receive an additional 3.9 million common shares of Simberi upon successfully increasing Simberi's interest in the Kakanda Project from 51% to 75% or more. The purchase of 33% of NCDC created a purchase price discrepancy of \$2,050,174 which was charged against the New Congo properties.

# SIMBERI MINING CORPORATION

## (Formerly Simberi Gold Corporation)

### (A Development Stage Company)

#### Notes to Consolidated Financial Statements

Three and Six Months Ended June 30, 2006

(Unaudited)

#### 5. STOCK OPTIONS, WARRANTS AND CONTRIBUTED SURPLUS

##### (a) Stock Options

The following table summarizes the stock option activity for the period:

|                                      | Number of<br>Options | Weighted Average<br>Exercise Price<br>(\$) |
|--------------------------------------|----------------------|--|
| Balance, December 31, 2005 (audited) | 15,550,000           | 0.13                                       |
| Granted (1)                          | 1,000,000            | 0.24                                       |
| Exercised                            | (1,530,000)          | 0.15                                       |
| Balance, June 30, 2006 (unaudited)   | 15,020,000           | 0.14                                       |

(1) On January 30, 2006, the Company granted 1,000,000 stock options to a director of a subsidiary of Simberi. The stock options, which vest quarterly over an 18 month period, are exercisable at a price of \$0.24 for a period of 5 years from the date of grant. The common shares issuable upon exercise of the stock options will be subject to a 4 month hold period from the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: expected volatility of 195.83%; expected dividend yield of 0%; risk-free interest rate of 4.04% and expected life of 5 years. The options were valued at \$234,000. These options will be expensed as they vest.

As at June 30, 2006, the Company had the following stock options outstanding:

| BLACK-SCHOLES<br>VALUE (\$) | NUMBER OF<br>OPTIONS | EXERCISE<br>PRICE (\$) | EXPIRY<br>DATE    |
|-----------------------------|----------------------|------------------------|-------------------|
| 6,928                       | 2,310,000            | 0.15                   | June 30, 2008     |
| 546,144                     | 6,160,000            | 0.15                   | May 13, 2009      |
| 211,321                     | 5,250,000            | 0.10                   | August 24, 2010   |
| 13,050                      | 300,000              | 0.10                   | November 23, 2010 |
| 78,000                      | 1,000,000            | 0.24                   | January 30, 2011  |
| 855,443                     | 15,020,000           |                        |                   |

##### (b) Warrants

As at June 30, 2006, the Company had the following warrants outstanding:

| BLACK-SCHOLES<br>VALUE | NUMBER OF<br>WARRANTS | EXERCISE<br>PRICE (\$) | EXPIRY<br>DATE    |
|------------------------|-----------------------|------------------------|-------------------|
| \$ 2,002,000           | 26,000,000            | 0.20                   | December 23, 2007 |

##### (c) Contributed Surplus

Included in contributed surplus are the following items:

|               | VALUE (\$) |
|---------------|------------|
| Stock options | 855,443    |

# SIMBERI MINING CORPORATION

## (Formerly Simberi Gold Corporation)

### (A Development Stage Company)

#### Notes to Consolidated Financial Statements

Three and Six Months Ended June 30, 2006

(Unaudited)

#### 6. RELATED PARTY TRANSACTIONS

Management fees totaling \$378,256 (2005 audited - \$25,000) were paid to directors and officers of the Company and were included in professional and consulting fees. Director fees totaling \$nil (2005 audited - \$9,000) were paid to directors of the Company and were included in directors' compensation. Management fees totaling \$nil (2005 audited - \$100,000) were charged by an officer of the Company and a corporation owned by a director of the Company and were included in professional and consulting fees, and capitalized in mining interests. Management fees totaling \$nil (2005 audited - \$9,243) were paid to a director of Novaking Pty Ltd. and were included in management fees. Severance fees totaling \$nil (2005 audited - \$80,000) were paid to two former directors upon resigning as directors of the Company and were included in directors' compensation. The recipients of the above management fees were also reimbursed for expenses incurred. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Balances to/from related parties are summarized as follows:

|  | June 30,<br>2006<br>(Unaudited) | December 31,<br>2005<br>(Audited) |
|--|---------------------------------|-----------------------------------|
| Due from Iberian Minerals Corp.            | \$ 393,800                      | \$ 393,800                        |
| Due from director of Novaking Pty Ltd.     | <u>43,610</u>                   | <u>54,257</u>                     |
| Due from related parties                   | <u>\$ 437,410</u>               | <u>\$ 448,057</u>                 |
| Net liabilities assumed from related party | <u>29,880</u>                   | <u>29,880</u>                     |
| Due to related parties                     | <u>\$ 29,880</u>                | <u>\$ 29,880</u>                  |

#### 7. SEGMENTED INFORMATION

|               | June 30,<br>2006<br>(Unaudited) | December 31,<br>2005<br>(Audited) |
|---------------|---------------------------------|-----------------------------------|
| <b>ASSETS</b> |                                 |                                   |
| Canada        | \$ 4,693,863                    | \$ 5,840,268                      |
| Congo         | 4,704,368                       | 653,846                           |
| Other areas   | 160,567                         | 718,400                           |
|               | <u>\$ 9,558,798</u>             | <u>\$ 7,212,514</u>               |

Substantially all expenses on the statement of operations are incurred in Canada. Cash and cash equivalents of \$4,256,865 are held in Canadian chartered banks, with the balance of \$50,721 being held in the Congo and other areas.

#### 8. INCOME TAXES

The estimated taxable income for the period is \$nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. This estimated taxable temporary difference valuation allowance will be adjusted in the period that it can be determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

# SIMBERI MINING CORPORATION

## (Formerly Simberi Gold Corporation)

(A Development Stage Company)

### Supplement I to Consolidated Financial Statements

Three and Six Months Ended June 30, 2006

(Unaudited)

#### Novaking Properties

|                                | Cumulative<br>From<br>Inception<br>of Project | Three Months Ended<br>June 30,<br>(Unaudited) |          | Six Months Ended<br>June 30,<br>(Unaudited) |           |
|--------------------------------|---|---|----------|---|-----------|
|                                |   | 2006  | 2005     | 2006  | 2005      |
| Activity during the period     |   |   |          |   |           |
| Acquisition costs              | \$ 25,648                                     | \$ -  | \$ -     | \$ -  | \$ -      |
| Other exploration expenditures | 87,430  | 3,883   | 4,641    | 6,365                                       | 33,469    |
|                                | \$ 113,078                                    | \$ 3,883                                      | \$ 4,641 | \$ 6,365                                    | \$ 33,469 |

#### New Congo Properties

|                            | Cumulative<br>From<br>Inception<br>of Project | Three Months Ended<br>June 30,<br>(Unaudited) |          | Six Months Ended<br>June 30,<br>(Unaudited) |           |
|----------------------------|---|---|----------|---|-----------|
|                            |   | 2006  | 2005     | 2006  | 2005      |
| Activity during the period |   |   |          |   |           |
| Purchase price discrepancy | \$ 2,050,174                                  | \$ 2,050,174                                  | \$ -     | \$ 2,050,174                                | \$ -      |
| Acquisition costs          | 149,652                                       | -   | -        | -   | -         |
| Regulatory fees            | 366,955                                       | 166,599                                       | -        | 302,830                                     | -         |
| Travel                     | 116,912                                       | (41,266)                                      | -        | 79,603                                      | -         |
| General exploration        | 169,055                                       | 920   | -        | -   | -         |
| Administration fee         | 17,489  | -   | -        | -   | -         |
| Consulting                 | 884,932                                       | 360,638                                       | -        | 768,342                                     | -         |
| General and administrative | 732,385                                       | 231,279                                       | -        | 706,044                                     | -         |
| Legal fees                 | 39,225  | 15,037  | -        | 39,225                                      | -         |
| Report costs               | 73,944  | 73,944  | -        | 73,944                                      | -         |
|                            | \$ 4,600,723                                  | \$ 2,857,325                                  | \$ -     | \$ 4,020,162                                | \$ -      |
|                            | \$ 4,713,801                                  | \$ 2,861,208                                  | \$ 4,641 | \$ 4,026,527                                | \$ 33,469 |