



## **NOTICE TO SHAREHOLDERS**

**JUNE 30, 2006**

**ALTURAS MINERALS CORP.**

**(FORMERLY IRON LAKE MINERALS INC.)**

**(A DEVELOPMENT STAGE COMPANY)**

### Responsibility for unaudited consolidated financial statements

The accompanying consolidated financial statements for Alturas Minerals Corp. (formerly Iron Lake Minerals Inc.) ("Alturas" or the "Company") have been prepared by management after giving effect to the reverse takeover transaction between Alturas Minerals Corp. (prior to the transaction ("AMC")) and Iron Lake Minerals Inc. ("ILM"), and a private placement which were effective on April 10, 2006.

**On April 10, 2006, ILM completed an amalgamation with AMC. As a result of this transaction, AMC became a wholly owned subsidiary of ILM. Immediately on completion of the amalgamation ILM was renamed to Alturas Minerals Corp. and began trading on the TSX Venture Exchange Tier 2 on April 10, 2006 under the symbol "ALT". These unaudited consolidated financial statements of the combined entity are issued under the name of Alturas, but are a continuation of the financial statements of AMC. Comparative amounts are those of AMC.**

The management of Alturas, the continuing entity, has prepared the Company's consolidated statements in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2005 audited consolidated financial statements of Alturas (Note 2).

Only changes in accounting information have been disclosed in these unaudited consolidated financial statements. These unaudited consolidated 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 unaudited consolidated financial statements, management is satisfied that these unaudited consolidated financial statements have been fairly presented.

### Auditors' involvement

The auditors of Alturas 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.

**ALTURAS MINERALS CORP.**  
**(FORMERLY IRON LAKE MINERALS INC.)**

**(A Development Stage Company)**

**Consolidated Balance Sheets**

**(Expressed in US\$ dollars unless otherwise stated)**

(Unaudited)	June 30, 2006	December 31, 2005
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	5,556,235	92,870
Accounts receivable	32,222	-
Prepayments	122	122
	5,588,579	92,992
Mineral properties (Note 5)	240,000	240,000
Property, plant and equipment (Note 4)	5,464	8,840
	5,834,043	341,832
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	132,339	43,810
Due to Equinox Minerals Limited (Note 6)	750,000	970,715
	882,339	1,014,525
<b>Shareholders' equity</b>		
Share capital (Note 7)	6,303,237	422,816
Contributed surplus (Note 9)	2,215,613	2,032,799
Warrants (Note 10)	315,780	-
Deficit	(3,882,926)	(3,128,308)
	4,951,704	(672,693)
	5,834,043	341,832

Going concern (Note 1)

The accompanying notes are an integral part of these consolidated financial statements

**ALTURAS MINERALS CORP.**  
**(FORMERLY IRON LAKE MINERALS INC.)**

**(A Development Stage Company)**

**Consolidated Statements of Loss and Deficit**

**(Expressed in US\$ dollars unless otherwise stated)**

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative from inception on January 14, 2004
	2006	2005	2006	2005	
	\$	\$	\$	\$	\$
<b>Expenditures</b>					
Exploration	353,463	243,611	596,890	451,735	2,937,307
General and administration	93,141	91,991	107,470	160,522	394,300
Abandoned capital raising costs	-	-	-	-	486,103
Amortization of property, plant and equipment 15,071		1,688	1,706	3,376	3,394
Stock-based compensation (Note 8)	182,814	-	182,814	-	182,814
Other expense (income) (Note 14)	(136,028)	165	(135,932)	327	(132,669)
	495,078	337,473	754,618	615,978	3,882,926
<b>Net loss for the period</b>	(495,078)	(337,473)	(754,618)	(615,978)	(3,882,926)
<b>Deficit, beginning of period</b>	(3,387,848)	(1,690,129)	(3,128,308)	(1,411,624)	
<b>Deficit, end of period</b>	(3,882,926)	(2,027,602)	(3,882,926)	(2,027,602)	
<b>Loss per share</b> (Note 13)	(0.02)	(0.10)	(0.05)	(0.22)	
<b>Weighted average shares outstanding</b>	27,767,982	3,333,334	16,655,658	2,859,361	

The accompanying notes are an integral part of these consolidated financial statements

**ALTURAS MINERALS CORP.**  
**(FORMERLY IRON LAKE MINERALS INC.)**

**(A Development Stage Company)**

**Consolidated Statements of Cash Flows**

**(Expressed in US\$ dollars unless otherwise stated)**

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative from inception on January 14, 2004
	2006	2005	2006	2005	
	\$	\$	\$	\$	\$
<b>Operating activities</b>					
Net loss for the period	(495,078)	(337,473)	(754,618)	(615,978)	(3,882,926)
Items not affecting cash					
Amortization of property, plant and equipment 15,071		1,688	1,706	3,376	3,394
Stock-based compensation (Note 8)	182,814	-	182,814	-	182,814
	(310,576)	(335,767)	(568,428)	(612,584)	(3,685,041)
(Increase) decrease in accounts receivable and prepayments	64,709	(258,467)	64,535	(328,429)	64,413
Decrease (increase) in accounts payable and accrued liabilities	42,026	179,294	(1,784)	171,841	42,026
	(203,841)	(414,940)	(505,677)	(769,172)	(3,578,602)
<b>Investing activities</b>					
Property, plant and equipment purchase	-	-	-	-	(20,535)
<b>Financing activities</b>					
Issuance of share capital for cash, net of share issue costs	5,485,010	1	5,485,010	1	5,667,826
Reverse take over costs (Note 3)	(328,282)	-	(328,282)	-	(328,282)
Cash acquired from Iron Lake Minerals Inc.	533,029	-	533,029	-	533,029
Advances from Equinox Minerals Limited	-	-	-	-	970,715
Contribution from shareholders	-	385,258	279,285	750,740	2,312,084
	5,689,757	385,259	5,969,042	750,741	9,155,372
<b>Increase (decrease) in cash and cash equivalents</b>	5,485,916	(29,681)	5,463,365	(18,431)	5,556,235
<b>Cash and cash equivalents, beginning of period</b>	70,319	54,699	92,870	43,449	-
<b>Cash and cash equivalents, end of period</b>	5,556,235	25,018	5,556,235	25,018	5,556,235

The accompanying notes are an integral part of these consolidated financial statements

**ALTURAS MINERALS CORP.**  
**(FORMERLY IRON LAKE MINERALS INC.)**

**(A Development Stage Company)**

**Consolidated Continuity of Share Capital**

**(Expressed in US\$ dollars unless otherwise stated)**

	Shares	Amount
		\$
<u>Iron Lake Minerals Inc. Activity</u>		
Balance, September 30, 2004 and 2003	8,400,000	608,328
Issued during the year:		
Issued for cash under private placements	7,500,000	342,720
Issued as consideration for share issue costs	400,000	17,136
Issued for exercise of stock options	270,000	23,134
Share issue costs	-	(24,181)
Fair value of warrants under private placements	-	(18,850)
Balance, September 30, 2005	16,570,000	948,287
Issued during the year:		
Issued for exercise of stock options	60,000	5,141
Balance, December 31, 2005, March 31, 2006 and April 5, 2006	16,630,000	953,428
Shares issued under subscription receipt	2,333,333	299,880
Fair value of warrants under subscription receipt	-	(15,000)
Shares issued as consideration for finder's fee	233,333	29,988
Share issue cost	-	(29,988)
<u>Reverse take over transactions</u>	19,196,666	1,238,308
Elimination of share capital in Iron Lake Minerals Inc.	-	(1,238,308)
Share exchange to effect reverse take over, net of costs	40,006,978	211,191
Share capital carryforward from Alturas Minerals Corp.	-	922,816
<u>Alturas Minerals Corp. Activity</u>	59,203,644	1,134,007
Private placement	32,527,582	5,991,971
Share issue costs	-	(511,245)
Fair value of compensations options issued	-	(38,780)
Fair value of warrants under private placement	-	(277,000)
Reverse stock split upon amalgamation (3 for 1)	(61,154,157)	-
Issued for exercise of stock options	16,667	4,284
Balance, June 30, 2006	30,593,736	6,303,237

The accompanying notes are an integral part of these consolidated financial statements

# **ALTURAS MINERALS CORP.**

## **(FORMERLY IRON LAKE MINERALS INC.)**

**(A Development Stage Company)**

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

**(Expressed in US\$ dollars unless otherwise stated)**

**Three and Six Months Ended June 30, 2006**

**(Unaudited)**

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Alturas is a Canadian corporation, and is the indirect parent of Alturas Minerals S.A. ("Alturas Peru"). Alturas Peru has been actively exploring various mineral projects in Peru since January 2004. The principal assets of Alturas are four mineral exploration projects located in southern Peru, being the Huilacollo Gold Project, the Baños del Indio Gold Project, the Utupara Copper-Gold Project and the Huajoto Gold-Silver-Zinc Project. In addition, Alturas Peru has interests in fourteen other exploration projects in Peru. Alturas' exploration strategy is primarily focused on the discovery of large epithermal gold mineralized deposits.

Alturas is a development stage entity. The transfer by Equinox Minerals Limited ("Equinox") of its interest in Equinox Peru Ventures Limited ("Equinox Peru") to Alturas was an internal reorganization between related parties and as such the consolidated financial statements have been prepared on a continuity of interest basis. Accordingly, these consolidated financial statements present the operations of the Company as if it had been the holding company of Equinox Peru and Alturas Peru for all periods presented.

The Company is exploring its mineral properties and, as at June 30, 2006, had not determined the existence of economically recoverable reserves. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the preservation of the Company's interest in the underlying mineral claims, the ability to obtain necessary financing, to obtain government approval and to attain profitable production or, alternatively, upon the Company's ability to profitably dispose of its interests.

Changes in future conditions could require material writedowns of the carrying amounts of future expenditures. These circumstances cast doubt as to the ability of the Company to continue as a going concern. Management is currently pursuing several financing alternatives to secure ongoing capital. It is not possible to determine, with any certainty, the success or adequacy of these initiatives.

The unaudited consolidated financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 September 30, 2006. The consolidated balance sheet used for comparative purposes of these unaudited consolidated financial statements is December 31, 2005 which is the fiscal year end for AMC.

# ALTURAS MINERALS CORP. (FORMERLY IRON LAKE MINERALS INC.)

(A Development Stage Company)

## Notes to Consolidated Financial Statements

(Expressed in US\$ dollars unless otherwise stated)

Three and Six Months Ended June 30, 2006

(Unaudited)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The unaudited consolidated balance sheet at December 31, 2005 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's audited annual consolidated financial statements for the year ended December 31, 2005, except for Note 3. For further information, refer to the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2005.

The December 31, 2005 audited consolidated financial statements of Alturas can be found in Form 51-102F4 Business Acquisition Report (the "Report") on Sedar at [www.sedar.com](http://www.sedar.com) under the name of Alturas Minerals Corp. (formerly Iron Lake Minerals Inc.). The Report was filed on June 19, 2006.

### 3. BUSINESS ACQUISITION

On April 10, 2006, ILM (the "legal parent") completed an amalgamation with AMC (the "legal subsidiary"). As a result of this transaction, AMC became a wholly owned subsidiary of ILM. Immediately on completion of the amalgamation ILM was renamed to Alturas Minerals Corp. and began trading on the TSX Venture Exchange Tier 2 on April 10, 2006 under the symbol "ALT". The unaudited consolidated financial statements of the combined entity are issued under the name of the legal parent, Alturas, but are a continuation of the financial statements of the legal subsidiary, AMC. Comparative amounts are those of AMC.

To comply with the terms of the amalgamation, ILM issued 40,006,978 shares to the shareholders of AMC in exchange for all of the outstanding shares of AMC. The transaction has been accounted for using the purchase method. The purchase consideration, being the fair value of ILM common shares issued to the former AMC shareholders, has been allocated to the estimated fair values of the assets acquired and liabilities assumed at the effective date of the purchase. This allocation is summarized as follows:

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	\$
Current assets (Cdn \$735,045)	629,787
Less: current liabilities (Cdn \$105,408)	90,314
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	539,473

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Current assets includes the proceeds from the subscription receipts mentioned in Note 7(i)). Transaction costs in connection with the acquisition amount to \$328,282 (Cdn\$383,149).

**ALTURAS MINERALS CORP.**  
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**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**(Expressed in US\$ dollars unless otherwise stated)**

**Three and Six Months Ended June 30, 2006**

**(Unaudited)**

**4. PROPERTY, PLANT AND EQUIPMENT**

	June 30, 2006	December 31, 2005
	\$	\$
Property, plant and equipment - at cost	20,535	20,535
Less: accumulated amortization	(15,071)	(11,695)
	5,464	8,840

**5. MINERAL PROPERTIES**

	June 30, 2006	December 31, 2005
	\$	\$
Utupara (1)	190,000	190,000
Huilacollo (1)	20,000	20,000
Banos del Indio (1)	30,000	30,000
	240,000	240,000

(1) Refer to the December 31, 2005 audited annual consolidated financial statements of Alturas for a description of the Company's properties in Peru.

**6. DUE TO EQUINOX MINERALS LIMITED**

On March 31, 2006, Alturas issued a \$750,000 promissory note to Equinox in order to recognize the over contribution Equinox had made with respect to shareholdings in Alturas Peru (see Note 9 of the December 31, 2005 audited annual consolidated financial statements of Alturas). This promissory note is non-interest bearing and due on March 31, 2010. Alturas has the right to repay Equinox the owed amount in whole at any time, and the promissory note is non-assignable.

# ALTURAS MINERALS CORP. (FORMERLY IRON LAKE MINERALS INC.)

(A Development Stage Company)

## Notes to Consolidated Financial Statements

(Expressed in US\$ dollars unless otherwise stated)

Three and Six Months Ended June 30, 2006

(Unaudited)

### 7. SHARE CAPITAL

(a) Authorized capital

The number of authorized common shares and preferred shares is unlimited.

(b) Issued capital

	No. of Shares	Amount
		\$
<u>Iron Lake Minerals Inc. Activity</u>		
Balance, December 31, 2005, March 31, 2006 and April 10, 2006	16,630,000	953,428
Shares issued under subscription receipt (i)	2,333,333	299,880
Fair value of warrants under subscription receipt (i)	-	(15,000)
Shares issued as consideration for finder's fee (i)	233,333	29,988
Share issue cost (i)	-	(29,988)
<u>Reverse take over transactions (Note 3)</u>		
Elimination of share capital in Iron Lake Minerals Inc.	-	(1,238,308)
Share exchange to effect reverse take over, net of costs	40,006,978	211,191
Share capital carryforward from Alturas Minerals Corp.	-	922,816
<u>Alturas Minerals Corp. Activity</u>		
	59,203,644	1,134,007
Private placement (ii)	32,527,582	5,991,971
Share issue costs (ii)	-	(511,245)
Fair value of compensations options issued (ii)	-	(38,780)
Fair value of warrants under private placement (ii)	-	(277,000)
Reverse stock split upon amalgamation (iii)	(61,154,157)	-
Issued for exercise of stock options	16,667	4,284
<b>Balance, June 30, 2006</b>	<b>30,593,736</b>	<b>6,303,237</b>

(i) On April 10, 2006, ILM issued 2,333,333 subscription receipts at Cdn\$0.15 per share for gross proceeds of \$299,880 (Cdn\$350,000). Each subscription receipt consists of one common share and one common share purchase warrant at a price Cdn\$0.20, expiring two years from the date of issue. The estimated fair market value of these warrants under the Black-Scholes pricing model is \$15,000. The Company also issued 233,333 common shares at Cdn\$0.15 per share as consideration for a finder's fee of \$29,988 (Cdn\$35,000).

# ALTURAS MINERALS CORP. (FORMERLY IRON LAKE MINERALS INC.)

(A Development Stage Company)

## Notes to Consolidated Financial Statements

(Expressed in US\$ dollars unless otherwise stated)

Three and Six Months Ended June 30, 2006

(Unaudited)

### 7. SHARE CAPITAL (Continued)

(ii) AMC, by way of private placement, issued 32,527,582 special warrants at Cdn \$0.215 each for gross proceeds of \$5,991,971 (Cdn\$6,993,430). Issue costs, including commission, amounted to \$511,245 (Cdn\$596,691). The special warrants consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitled the holder to acquire an additional common share at a price of Cdn\$0.25, expiring two years from the date of issue. The market value of these warrants under the Black-Scholes pricing model is estimated to be \$277,000. AMC issued 2,276,931 compensation options in connection with the private placement. The market value of the compensation options under the Black-Scholes pricing model is estimated to be \$38,780.

As a result of the completion of the amalgamation as discussed in Note 3, 32,527,582 AMC special warrants were exchanged for the same number of special warrants of the Company, each of which were immediately automatically exercised in accordance with their terms for units of the Company, each such unit consisting of one common share of the Company and one half of one common share purchase warrant. 2,276,931 compensation options of AMC issued in connection with the private placement were exchanged for an equal number of compensation options of the Company.

(iii) On April 5, 2006, securities of the Company, were subject to a consolidation on the basis of one post-consolidation common share for every three pre-consolidation common shares such that a total 30,577,069 common shares of the Company (91,731,226 pre-consolidation) were issued and outstanding as of the date of graduation to Tier 2 of the TSX Venture Exchange (April 10, 2006).

### 8. STOCK OPTIONS

The following table reflects the continuity of stock options for the six months ended June 30, 2006:

	Number of Stock options	Weighted Average Exercise Price (\$) (In Canadian Dollars)
Balance, December 31, 2005 (1)	390,000	0.30
Exercised during the period	(16,667)	0.30
Granted during the period (2)	1,635,000	0.65
<b>Balance, June 30, 2006</b>	<b>2,008,333</b>	<b>0.58</b>

(1) Consolidation (3 for 1) (Note 7(iii))

(2) On June 14, 2006, Alturas granted an aggregate of 1,635,000 incentive stock options to directors, officers and key employees, pursuant to the Company's Stock Option Plan, at an exercise price of \$0.65 per share. The options are exercisable for a period of five years. For the purposes of the 1,635,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 4.30% and an expected average life of 5 years. The estimated value of \$487,503 will be classified as stock-based compensation and credited to contributed surplus as the options vest. The options vest over two years as to one-third immediately, and one-third per year thereafter, the impact on 2006 earnings is \$243,753 with an immediate recognition of \$182,814 in this quarter and a recognition of the remaining amount over the next quarter.

# ALTURAS MINERALS CORP. (FORMERLY IRON LAKE MINERALS INC.)

(A Development Stage Company)

## Notes to Consolidated Financial Statements

(Expressed in US\$ dollars unless otherwise stated)

Three and Six Months Ended June 30, 2006

(Unaudited)

### 8. STOCK OPTIONS (Continued)

(3) The Company has 976,041 stock options available for grant as of June 30, 2006.

The following table reflects the actual stock options outstanding as of June 30, 2006:

Expiry Date	Exercise Price (\$) (In Canadian Dollars)	Number of Options Outstanding
July 10, 2006	0.30	323,333
September 10, 2010	0.30	50,000
June 14, 2011	0.65	1,635,000
		2,008,333

### 9. CONTRIBUTED SURPLUS

Contributed surplus consists of the following items:

	June 30, 2006	December 31, 2005
	\$	\$
CPB Asociados SRL	262,500	262,500
Equinox Minerals Limited	1,770,299	1,770,299
	2,032,799	2,032,799
Stock-based compensation (Note 8)	182,814	-
	2,215,613	2,032,799

**ALTURAS MINERALS CORP.**  
**(FORMERLY IRON LAKE MINERALS INC.)**

**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**(Expressed in US\$ dollars unless otherwise stated)**

**Three and Six Months Ended June 30, 2006**

**(Unaudited)**

**10. WARRANTS**

The following table reflects the continuity of warrants for the six months ended June 30, 2006:

	Number of Warrants	Weighted Average Exercise Price (\$) (In Canadian Dollars)
Balance, December 31, 2005 (1)	3,277,778	0.37
Warrants issued to effect reverse take over	502,326	0.75
Warrants issued from private placement (Note 7(ii))(1)	5,421,264	0.75
Compensation options issued (Note 7(ii))(1)	758,977	0.75
<b>Balance, June 30, 2006</b>	<b>9,960,345</b>	<b>0.63</b>

(1) Consolidation (3 for 1) (Note 7(iii))

The following table reflects the actual warrants outstanding as of June 30, 2006:

Expiry Date	Number of Warrants	Exercise Price (\$) (In Canadian Dollars)	Black- Scholes Value
			\$
October 15, 2006	166,667	0.36	-
September 16, 2006	2,333,333	0.30	-
April 21, 2007	502,326	0.75	-
March 31, 2008	5,421,264	0.75	277,000
March 31, 2008	758,977	0.645	38,780
April 10, 2008	777,778	0.60	-
	<b>9,960,345</b>		<b>315,780</b>

# ALTURAS MINERALS CORP. (FORMERLY IRON LAKE MINERALS INC.)

(A Development Stage Company)

## Notes to Consolidated Financial Statements

(Expressed in US\$ dollars unless otherwise stated)

Three and Six Months Ended June 30, 2006

(Unaudited)

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### 11. COMMITMENTS FOR EXPENDITURE

The Company's contractual obligations to maintain its mineral property interests over the next five years are as follows:

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	\$
2006	100,000
2007	1,408,784
2008	2,208,784
2009	1,758,784
2010	301,914

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5,778,266

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### 12. RELATED PARTY TRANSACTIONS

Exploandes SRL, a company in which a director of Alturas is the principal, has provided certain technical, managerial and exploration services to the Company. The cost of such services for the six months ended June 30, 2006 and June 30, 2005 was \$144,680 and \$74,652 respectively.

Oreforming Solutions SRL, a company in which a director of Alturas is the principal, has provided certain technical services to the Company. The cost of such services for the six months ended June 30, 2006 and June 30, 2005 was \$64,680 and \$66,000 respectively.

Gestora de Negocios e Inversiones SA, a company in which a director of Alturas is the principal, has provided certain technical services to the Company. The cost of such services for the six months ended June 30, 2006 and June 30, 2005 was \$13,536 and \$14,400 respectively.

The Company also paid \$207,325 (2005 - \$nil) to a legal firm in which a director of the Company is a partner.

### 13. LOSS PER SHARE

Basic loss per share is determined by dividing the net loss by the weighted average number of ordinary shares on the assumption that the 3 for 1 share consolidation (Note 7(iii)) had taken place at the beginning of the year, and that the 7,000,000 shares issued on the transfer of Equinox Peru to Alturas had been in issue for all periods presented. Diluted loss per share is the same as basic loss per share as the effect of potential issues of shares under option or from warrant exercises would be anti-dilutive.

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**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**(Expressed in US\$ dollars unless otherwise stated)**

**Three and Six Months Ended June 30, 2006**

**(Unaudited)**

**14. OTHER EXPENSE (INCOME)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
	\$	\$	\$	\$
Interest income	(44,218)	-	(44,233)	-
Foreign exchange (gain) loss	(91,810)	165	(91,699)	327
	(136,028)	165	(135,932)	327