

Financial Statements of

ICON INDUSTRIES LIMITED

Year ended December 31, 2005

Report Date – April 12, 2006

AUDITORS' REPORT

To the Shareholders of
Icon Industries Limited

We have audited the balance sheets of Icon Industries Limited as at December 31, 2005 and 2004 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY"

Vancouver, Canada

Chartered Accountants

April 12, 2006

A Member of *INTERNATIONAL*

ICON INDUSTRIES LIMITED
BALANCE SHEETS
AS AT DECEMBER 31

	2005	2004
ASSETS		
Current		
Cash	\$ 17,019	\$ 296,328
Receivables	19,985	54,194
Prepaid expenses and deposits	-	64,900
	37,004	415,422
Mineral property investment (Note 3)- schedule	693,709	416,679
Equipment (Note 4)	1,959	2,430
Deferred costs	-	4,990
	\$ 732,672	\$ 839,521
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 203,792	\$ 109,246
Shareholders' equity		
Share capital (Note 5)	10,755,136	10,839,807
Share subscriptions receivable (Note 5)	(125,000)	-
Contributed surplus (Note 5)	93,449	51,311
Deficit	(10,194,705)	(10,160,843)
	528,880	730,275
	\$ 732,672	\$ 839,521

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 3 and 5)
Subsequent event (Note 10)

On behalf of the Board:

Signed "T. Barry Coughlan" _____ Director Signed "William S. Harper" _____ Director

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

ICON INDUSTRIES LIMITED
STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31

	2005	2004
EXPENSES		
Accounting and audit	\$ 29,817	\$ 34,200
Advertising and promotion	1,380	7,927
Amortization	721	984
Consulting fees	11,100	3,550
Legal	5,307	8,687
Management fees	60,000	37,500
Office and miscellaneous	22,503	21,859
Rent	23,473	25,676
Stock-based compensation	42,138	42,646
Transfer agent and regulatory fees	13,773	17,796
Travel and accommodation	32,199	33,576
	(242,411)	(234,401)
OTHER ITEMS		
Interest income	1,268	827
Write-off of deferred costs	(4,990)	-
Loss before income tax recovery	(246,133)	(233,574)
Income tax recovery (Note 9)	212,271	-
Loss for the year	(33,862)	(233,574)
Deficit, beginning of year	(10,160,843)	(9,927,269)
Deficit, end of year	\$ (10,194,705)	\$ (10,160,843)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.04)
Weighted average number of common shares outstanding	8,384,740	6,258,917

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

ICON INDUSTRIES LIMITED
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (33,862)	\$ (233,574)
Items not affecting cash:		
Amortization	721	984
Stock-based compensation	42,138	42,646
Write-off of deferred costs	4,990	-
Income tax recovery	(212,271)	-
Changes in non-cash working capital items:		
Receivables	34,209	(44,789)
Prepaid expenses and deposits	64,900	(63,390)
Accounts payable and accrued liabilities	44,591	27,860
Cash used in operating activities	(54,584)	(270,263)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral property investment	(227,075)	(336,010)
Acquisition of equipment	(250)	-
Deferred costs	-	(4,990)
Cash used in investing activities	(227,325)	(341,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued	2,600	829,630
Cash from financing activities	2,600	829,630
Change in cash during the year	(279,309)	218,367
Cash position, beginning of year	296,328	77,961
Cash position, end of year	\$ 17,019	\$ 296,328

Supplemental disclosure with respect to cash flows (Note 8)

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

ICON INDUSTRIES LIMITED.
SCHEDULES OF MINERAL PROPERTY COSTS
YEAR ENDED DECEMBER 31

Schedule

	2005	2004
BERESFORD LAKE PROPERTY, MB		
ACQUISITION COSTS		
Property cost	\$ 12,000	\$ 92,016
Legal and other fees	-	5,183
	12,000	97,199
DEFERRED EXPLORATION EXPENDITURES		
Assaying	6,014	12,216
Consulting - geological	38,127	68,963
Contracted labour	5,200	39,718
Contracted services – line cutting	-	59,500
Drilling	214,462	86,799
Equipment and rentals	4,400	7,789
Maps, photos, reproductions, and reports	4,578	5,393
Project administration	593	2,812
Supplies	2,296	2,835
Travel and accommodation	9,149	36,964
	284,819	322,989
COSTS FOR THE YEAR BEFORE RECOVERIES	296,819	420,188
RECOVERY OF COSTS DURING THE YEAR (Note 3)	(19,789)	(29,178)
NET COSTS FOR THE YEAR	277,030	391,010
BALANCE, BEGINNING OF THE YEAR	416,679	25,669
BALANCE, END OF THE YEAR	\$ 693,709	\$ 416,679

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is a public company listed on Tier 2 of the TSX Venture Exchange. The Company is in the business of acquiring, exploring and developing mineral resource properties, primarily in the gold industry.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

	2005	2004
Deficit	\$ (10,194,705)	\$ (10,160,843)
Working capital (deficiency)	(166,788)	306,176

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Equipment and amortization

Equipment is recorded at cost and amortization is calculated using the following annual rates and methods:

Office equipment and furniture	20% declining balance
Computer equipment	30% declining balance

Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

The Company becomes eligible from time to time for non-repayable government grants in connection with exploration expenditures on its mineral property. These grants are recorded as a reduction in deferred exploration costs when there is reasonable assurance that i) the Company has complied with all conditions necessary to obtain the grant and ii) the amount of the grant can be determined.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability and the related long-lived asset.

As at December 31, 2005 and 2004, the Company had no asset retirement obligations.

Flow-through common shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences.

Effective March 19, 2004, the Emerging Issues Committee of the Canadian Institute of Chartered Accountants requires that, when flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, be recognized as a recovery of income taxes in the statement of operations.

Stock-based compensation

In connection with incentive stock options granted by the Company to its officers, directors, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the options on the date of the grant as determined using the Black-Scholes option pricing model. The expense is charged to stock-based compensation and the offset is credited to contributed surplus. Cash received on exercise of incentive stock options is credited to capital stock.

Income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per common share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

3. MINERAL PROPERTY INVESTMENT

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Beresford Lake Property

The Company entered into an option agreement (the "Option") with Stephen Stares, Michael Stares, and Wayne Reid, (collectively the "Optionors") pursuant to which the Company can acquire a 100% interest in the Beresford Lake Property (the "Property") near Bisset, Manitoba. To date, the Company has paid the Optionors \$32,000 and issued 100,000 common shares of the Company with a value of \$30,000. In addition, in order to keep the Property in good standing under the terms of the Option, the Company is obligated over a two year period to pay the Optionors an aggregate of \$62,000 and issue in aggregate 100,000 common shares of the Company in equal stages. The Option also included a work commitment which the Company has met. The Property is subject to a 2% net smelter royalty ("NSR") with the Company having the right to purchase 1% of the NSR for \$1,000,000 with a first right of refusal to the remaining 1%. The Option contains a provision for the acquisition of additional claim units in an area of interest surrounding the Property.

The Option also contains a provision that if the Optionors acquired the rights to the Mirage Claim, which is located in close proximity to the Property, the Company would be required to pay \$4,000 and issue an additional 50,000 common shares in order to have that claim included in the Property. During the year ended December 31, 2004, the Company settled a dispute concerning the acquisition of an option on the Mirage Claim by issuing 15,000 common shares valued at \$9,000 to Peter Dunlop and then paid \$4,000 and issued 50,000 common shares valued at \$13,000 to complete the acquisition of the option on the Mirage Claim.

Also during the year ended December 31, 2004, the Company entered into a letter of intent with San Gold Resources Corporation ("San Gold") to acquire an option (the "MB4942 Option") on mineral claim #MB4942 (the "Claim") in NTS Area 52L/14 in Manitoba, paying San Gold \$10,000 and issuing 50,000 common shares with a value of \$16,000. In addition, in order to keep in good standing under the terms of the option and earn a 100% interest in the Claim, the Company was obligated i) to pay a total of \$200,000 and issue a total of 550,000 common shares to San Gold in stages over three years and ii) to spend a total of \$475,000 on exploration of the Claim in stages over four years. The Claim is subject to a 2% NSR in favor of San Gold with the Company having the right to purchase 1% of the NSR for \$1,000,000 with a first right of refusal to the remaining 1%. This option is currently being renegotiated.

During the year ended December 31, 2004, the Company paid \$9,016 to acquire six additional adjacent mineral claims to form part of the Property.

During the year ended December 31, 2005, the Company recorded \$19,789 (2004 - \$29,178) as a recovery of costs in connection with the Manitoba Mineral Exploration Assistance Program, which refunds to the Company a portion of the exploration expenses incurred on the Property.

Proposed acquisition – Rio Negro mineral property

During the year ended December 31, 2004, the Company entered into a letter of intent (the "LOI") to acquire, subject to certain conditions precedent, all of the common shares of CORPONIQUÉL, SOCIEDAD ANONIMA ("CORPONIQUÉL"), a private company incorporated in Guatemala. CORPONIQUÉL's sole asset is a 100% interest in the Rio Negro mineral property (the "Property") located in Guatemala, Central America.

Under the terms of the LOI, the Company had a one year period to complete the acquisition. The acquisition was not completed within this one year period and the rights granted to the Company pursuant to the LOI lapsed. Deferred costs related to the proposed acquisition, totaling \$4,990, were written off to operations during the year ended December 31, 2005.

ICON INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

4. EQUIPMENT

	2005		
	Cost	Accumulated Amortization	Net Book Value
Office equipment and furniture	\$ 2,332	\$ 1,848	\$ 484
Computer equipment	7,743	6,268	1,475
	\$ 10,075	\$ 8,116	\$ 1,959

	2004		
	Cost	Accumulated Amortization	Net Book Value
Office equipment and furniture	\$ 2,082	\$ 1,759	\$ 323
Computer equipment	7,743	5,636	2,107
	\$ 9,825	\$ 7,395	\$ 2,430

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares	Share Capital	Contributed Surplus
Authorized			
100,000,000 common shares without par value			
Issued			
Balance, December 31, 2003	5,053,548	\$ 9,943,877	\$ 8,665
Issued during the year for:			
Cash – private placement (net of issue costs of \$1,700)	1,200,000	238,300	-
Property acquisitions	215,000	68,000	-
Cash – private placement (net of issue costs of \$17,170)	1,400,000	402,830	-
Cash – private placement (net of issue costs of \$13,200)	500,000	186,800	-
Stock-based compensation	-	-	42,646
Balance, December 31, 2004	8,368,548	10,839,807	51,311
Issued during the year for:			
Cash – exercise of warrants	10,000	2,600	-
Cash – private placement	1,250,000	125,000	-
Income tax recovery on exploration expenditures renounced	-	(212,271)	-
Stock-based compensation	-	-	42,138
Balance, December 31, 2005	9,628,548	\$ 10,755,136	\$ 93,449

ICON INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

Private placements

During the year ended December 31, 2005, the Company issued 312,500 units for total proceeds of \$125,000 pursuant to a non-brokered private placement. Each unit consisted of three flow-through common shares, three flow-through share purchase warrants, one non flow-through common share and one non flow-through share purchase warrant. Each flow-through share purchase warrant entitles the holder to acquire one flow-through common share for \$0.20 to December 30, 2006. Each non flow-through warrant entitles the holder to acquire one non flow-through common share at \$0.20 to December 30, 2006. The total proceeds of \$125,000 were recorded as subscriptions receivable at December 31, 2005 and were received in January, 2006.

During the year ended December 31, 2004, the Company completed a non-brokered private placement consisting of 1,200,000 units at \$0.20 per unit raising gross proceeds of \$240,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share at \$0.26 until March 1, 2006. Of these units, 125,000 were subscribed to by the wife of a director and officer of the Company, 250,000 were subscribed to by a company controlled by a director and officer of the Company, and 75,000 were subscribed to by directors and officers of the Company.

During the year ended December 31, 2004, the Company completed a non-brokered private placement of 350,000 units at \$1.20 per unit for gross proceeds of \$420,000. Each unit consisted of four common shares, three of which were flow-through shares, and one warrant. Each warrant entitles the holder thereof to acquire two additional common shares of the Company, one of which will be a flow-through share, at an exercise price of \$1.00 per warrant (\$0.50 per share) until December 9, 2006. Finder's fees of \$14,070 were paid in connection with this placement. Of these units, 20,700 were subscribed to by wives of directors and officers of the Company and 12,500 were subscribed to by an officer and director of the Company. Of the amount raised, \$315,000 consisted of flow-through funds. Prior to December 31, 2004, the Company incurred cumulative exploration expenditures of \$276,521. An additional \$38,479 of eligible exploration expenditures was incurred during the year ended December 31, 2005.

During the year ended December 31, 2004, the Company completed a non-brokered private placement consisting of 500,000 units at \$0.40 per unit raising gross proceeds of \$200,000. Each unit consisted of one flow-through common share and one-half warrant. Each full warrant will entitle the holder to purchase one flow-through common share for \$0.50 until December 29, 2005. Finders' fees of \$10,500 were paid in connection with this placement. All of the amounts raised in this placement consisted of flow-through funds. The Company incurred \$200,000 of eligible exploration expenditures during the year ended December 31, 2005.

Property acquisitions

During the year ended December 31, 2004, the Company issued common shares in connection with its mineral property as follows:

Month of issue	Number of shares	Issue price per share	Share Capital
March 2004	50,000	\$0.26	\$ 13,000
April 2004	50,000	\$0.26	13,000
April 2004	15,000	\$0.60	9,000
October 2004	50,000	\$0.34	17,000
October 2004	50,000	\$0.32	16,000
Total	215,000		\$ 68,000

During the year ended December 31, 2005, no shares were issued in connection with its mineral property.

ICON INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

Escrow shares

Of the issued and outstanding capital stock, 15,000 common shares are held in escrow and may not be released without regulatory approval.

Stock option plan

The Company has adopted a stock option plan (the "Stock Option Plan"). The purpose of the Stock Option Plan is to advance the interests of the Company by providing directors, officers and employees with a financial incentive for the continued improvement in the performance of the Company and encouragement for them to remain with the Company. The term of any option granted under the Stock Option Plan may not exceed 5 years. The maximum number of common shares of the Company reserved for issuance under the Stock Option Plan is 1,273,700. Options will, in general, vest at 15% per quarter commencing at the end of the first quarter after the date of grant. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time.

Options and warrants

Share purchase option and share purchase warrant transactions are as follows:

	Number of Options	Weighted Average Exercise Price (\$)	Number of Warrants	Weighted Average Exercise Price (\$)
Balance December 31, 2003	1,000,000	0.26	-	-
Transactions during the year:				
Granted/issued	270,000	0.31	2,150,000	0.37
Exercised	-	-	-	-
Cancelled/expired	-	-	-	-
Balance December 31, 2004	1,270,000	0.27	2,150,000	0.37
Transactions during the year:				
Granted/issued	-	-	1,250,000	0.20
Exercised	-	-	(10,000)	0.26
Cancelled/expired	(655,000)	0.30	(250,000)	0.50
Balance December 31, 2005	615,000	0.25	3,140,000	0.29
Number of share purchase options exercisable and weighted average exercise price at December 31, 2005	560,000	0.24		

During the year ended December 31, 2004, 195,000 options were granted to officers and directors of the Company.

ICON INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

Options and warrants (cont'd...)

The number of options, exercise price, and expiry dates of the share purchase options and the share purchase warrants that are outstanding at December 31, 2005 are as follows:

	Number	Exercise Price (\$)	Expiry Date
Options	395,000	0.21	September 12, 2008
	220,000	0.31	July 14, 2009
Balance December 31, 2005	615,000		
Warrants	1,190,000	0.26	March 1, 2006
	700,000	0.50	December 9, 2006
	1,250,000	0.20	December 29, 2006
Balance December 31, 2005	3,140,000		

Stock-based compensation

For stock options granted to employees, officers, directors and consultants, the Company recognizes as an expense the estimated fair value of the stock options granted. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model.

For the year ended December 31, 2005 an expense of \$42,138 (2004-\$42,646) was recorded in the financial statements of the Company as stock-based compensation and the offset was credited to contributed surplus. The fair value of stock options granted was determined using the following assumptions:

	Weighted Average	
	2004	2003
Risk-free interest rate	4.00%	4.04%
Expected life of options	5 years	5 years
Annualized volatility	72.1%	71.6%
Dividend rate	0.00%	0.00%
Fair value per option granted	\$0.19	\$0.12

6. RELATED PARTY TRANSACTIONS

Related party transactions not elsewhere disclosed therein are:

The Company paid or accrued amounts to related parties during the year ended December 31 as follows:

	2005	2004
Accounting and financial fees to a director of the Company	\$ 15,000	\$ 22,000
Geological consulting fees and expenses to companies controlled by directors of the Company	1,934	9,720
Legal fees expensed to a law firm controlled by a director of the Company	5,307	11,374
Management fees to a director and officer of the Company	60,000	37,500

ICON INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

Rent and office services to a company with directors in common with the Company	900	6,531
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6. RELATED PARTY TRANSACTIONS (cont'd...)

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at December 31, 2005 is \$117,313 (2004 - \$55,606) owing to related parties for services rendered to the Company.

Included in receivables at December 31, 2005 is \$3,281 (2004 - \$Nil) owing from companies with common directors.

7. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2005	2004
Cash paid for interest expense during the year	\$ -	\$ -
Cash paid for income taxes during the year	\$ -	\$ -

During the year ended December 31, 2005, there were no significant non-cash transactions.

The significant non-cash transactions during the year ended December 31, 2004 were the issuance of 215,000 common shares with a value of \$68,000 towards the acquisition of the Beresford Lake Property (Note 3). Of these shares, 50,000 were for shares allotted of \$13,000 at December 31, 2003.

Included in mineral property costs at December 31, 2005 is \$49,955 incurred through accounts payable and accrued liabilities.

9. INCOME TAXES

Income tax expense (recovery) varies from the amount that would be computed by applying the combined federal and provincial income tax rate of 34.9% (2004 - 35.6%) as follows:

	2005	2004
Loss before income tax recovery	\$ (246,133)	\$ (233,574)
Expected income tax recovery at statutory rates	\$ (85,900)	\$ (83,152)
Non-deductible expenses	16,699	6,134
Tax loss benefit (recognized) not recognized	(143,070)	77,018
Actual income tax recovery	\$ (212,271)	\$ -

ICON INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

9. INCOME TAXES (cont'd...)

The significant components of the Company's future tax assets are as follows:

	2005	2004
Net operating loss carry forwards	\$ 548,684	\$ 883,063
Capital loss carryforwards	120,282	245,600
Equipment and furniture	90,565	92,204
Cumulative exploration and development expenses	1,851,602	2,105,304
	2,611,133	3,326,171
Less: valuation allowance	(2,611,133)	(3,326,171)
Net future tax assets	\$ -	\$ -

The Company has incurred approximately \$1,574,000 of operating losses which, if unutilized, will expire through 2015. Subject to certain restrictions, the Company also has capital losses and resource exploration expenditures available to reduce taxable income of future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements, as their realization is not judged likely to occur.

10. SUBSEQUENT EVENTS

Subsequent to December 31, 2005:

- a) The Company granted 900,000 stock options enabling the holders to acquire up to 900,000 common shares at \$0.15 per share to February 3, 2011.
- b) Share purchase warrants entitling the holders to acquire up to 1,190,000 common shares for \$0.26 per share to March 1, 2006, expired unexercised.