



CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED FEBRUARY 28, 2006

(Expressed in Canadian Dollars)

(Unaudited)

*These financial statements have not been reviewed by the Company's auditors.*

# ROCKWELL VENTURES INC.

## Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	February 28, 2006 (unaudited)	May 31, 2005
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 119,937	\$ 352,677
Marketable securities (note 4)	1	109,514
Amounts receivable and prepaids	76,699	41,180
Due from a related party (note 7)	–	77,159
	196,637	580,530
<b>Security deposit</b> (note 5(a))	32,190	32,190
<b>Mineral property interests</b> (note 5)	46,857	46,857
	\$ 275,684	\$ 659,577
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 76,487	\$ 29,976
Due to a related party (note 7)	369,655	–
	446,142	29,976
<b>Shareholders' equity</b>		
Share capital (note 6)	11,835,792	11,815,792
Contributed surplus (note 6(e))	472,641	451,628
Deficit	(12,478,890)	(11,637,819)
	(170,458)	629,601
Nature and continuance of operations (note 1)		
	\$ 275,684	\$ 659,577

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

Approved by the Board of Directors

*/s/ Ronald W. Thiessen*

Ronald W. Thiessen  
Director

*/s/ Jeffrey R. Mason*

Jeffrey R. Mason  
Director

# ROCKWELL VENTURES INC.

## Consolidated Statements of Operations

(Unaudited - Expressed in Canadian Dollars)

	Three months ended February 28		Nine months ended February 28	
	2006	2005	2006	2005
<b>Expenses</b>				
Exploration (schedule)	\$ 134,171	\$ 675,373	\$ 187,365	\$ 805,353
Foreign exchange	(53,814)	(41,854)	(49,643)	3,138
Legal, accounting and audit	32,093	16,591	57,342	42,934
Office and administration	133,601	100,336	261,747	228,332
Property investigation	86,946	–	259,741	–
Shareholder communications	9,449	13,714	21,498	18,605
Stock-based compensation - administration (note 6(c))	9,703	405	13,971	4,647
Stock-based compensation - exploration (note 6(c))	4,875	289	7,042	3,631
Travel and conferences	49,019	116	103,314	3,357
Trust and filing	11,648	16,805	17,634	22,069
	417,691	781,775	880,011	1,132,066
<b>Other items</b>				
Gain on sale of marketable securities	(56,585)	(6,138)	(56,585)	(6,138)
Interest income	(180)	(2,518)	(1,483)	(14,929)
Write-down of marketable securities	–	–	19,128	115,619
	(56,765)	(8,656)	(38,940)	94,552
<b>Loss for the period</b>	<b>\$ 360,926</b>	<b>\$ 773,119</b>	<b>\$ 841,071</b>	<b>\$ 1,226,618</b>
<b>Basic and diluted loss per common share (note 1)</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.04</b>	<b>\$ 0.05</b>
<b>Weighted average number of common shares outstanding (note 1)</b>	<b>23,657,833</b>	<b>23,436,638</b>	<b>23,624,766</b>	<b>23,316,238</b>

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

## Consolidated Statements of Deficit

(Unaudited - Expressed in Canadian Dollars)

	Three months ended February 28		Nine months ended February 28	
	2006	2005	2006	2005
Deficit, beginning of period	\$ 12,117,964	\$ 10,605,624	\$ 11,637,819	\$ 10,152,125
Loss for the period	360,926	773,119	841,071	1,226,618
<b>Deficit, end of period</b>	<b>\$ 12,478,890</b>	<b>\$ 11,378,743</b>	<b>\$ 12,478,890</b>	<b>\$ 11,378,743</b>

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

# ROCKWELL VENTURES INC.

## Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	<u>Three months ended February 28</u>		<u>Nine months ended February 28</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Operating activities</b>				
Loss for the period	\$ (360,926)	\$ (773,119)	\$ (841,071)	\$ (1,226,618)
Items not affecting cash				
Marketable securities received	–	–	–	(220,000)
Gain on sale of marketable securities	(56,585)	(6,138)	(56,585)	(6,138)
Write-down of marketable securities	–	–	19,128	115,619
Stock-based compensation	14,578	694	21,013	8,278
Changes in non-cash working capital items				
Amounts receivable and prepaids	(32,750)	(54,781)	(35,519)	176,898
Accounts payable and accrued liabilities	47,391	(16,820)	46,511	(33,406)
Cash used in operating activities	(388,292)	(850,164)	(846,523)	(1,185,367)
<b>Investing activities</b>				
Proceeds on sale of marketable securities	146,970	11,563	146,970	11,563
Cash provided by investing activities	146,970	11,563	146,970	11,563
<b>Financing activities</b>				
Balances receivable from and payable to related parties	270,762	38,018	446,814	32,891
Issuance of share capital, net of issue costs	20,000	53,000	20,000	125,500
Cash provided by financing activities	290,762	91,018	466,814	158,391
<b>Increase (decrease) in cash and equivalents</b>				
<b>during the period</b>	49,439	(747,583)	(232,740)	(1,015,413)
Cash and equivalents, beginning of period	70,498	1,267,809	352,677	1,535,639
<b>Cash and equivalents, end of period</b>	\$ 119,937	\$ 520,226	\$ 119,937	\$ 520,226
<b>Supplemental disclosure:</b>				
Interest paid during the period	\$ –	\$ –	\$ –	\$ –
Income taxes paid during the period	\$ –	\$ –	\$ –	\$ –
Marketable securities received pursuant to 2003 farmout agreement with Taseko Mines Limited (note 5(c))	\$ –	\$ –	\$ –	\$ 220,000

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

## ROCKWELL VENTURES INC.

### Consolidated Schedules of Exploration Expenses

(Unaudited - Expressed in Canadian Dollars)

	Royce Property	Ricardo Property	British Columbia Properties	Other	Three months ended February 28, 2006	Three months ended February 28, 2005
Geological	\$ -	\$ 3,957	\$ -	\$ -	\$ 3,957	\$ 483,464
Property fees and assessments	-	27,015	-	-	27,015	16,057
Site activities	-	102,721	-	-	102,721	159,105
Travel and accommodation	-	478	-	-	478	16,747
<b>Subtotal</b>	-	<b>134,171</b>	-	-	<b>134,171</b>	<b>675,373</b>
Stock-based compensation	-	4,875	-	-	4,875	289
<b>Incurred during the period</b>	-	<b>139,046</b>	-	-	<b>139,046</b>	<b>675,662</b>
Cumulative expenses, beginning of period	881,784	2,135,819	600,000	3,991,449	7,609,052	6,761,132
<b>Cumulative expenses</b>	<b>\$ 881,784</b>	<b>\$ 2,274,865</b>	<b>\$ 600,000</b>	<b>\$ 3,991,449</b>	<b>\$ 7,748,098</b>	<b>\$ 7,436,794</b>

	Royce Property	Ricardo Property	British Columbia Properties	Other	Nine months ended February 28, 2006	Nine months ended February 28, 2005
Geological	\$ -	\$ 5,766	\$ -	\$ -	\$ 5,766	\$ 519,368
Property fees and assessments	-	40,565	-	-	40,565	24,764
Site activities	-	140,556	-	-	140,556	241,984
Travel and accommodation	-	478	-	-	478	19,237
<b>Subtotal</b>	-	<b>187,365</b>	-	-	<b>187,365</b>	<b>805,353</b>
Stock-based compensation	-	7,042	-	-	7,042	3,631
<b>Incurred during the period</b>	-	<b>194,407</b>	-	-	<b>194,407</b>	<b>808,984</b>
Cumulative expenses, beginning of period	881,784	2,080,458	600,000	3,991,449	7,553,691	6,627,810
<b>Cumulative expenses</b>	<b>\$ 881,784</b>	<b>\$ 2,274,865</b>	<b>\$ 600,000</b>	<b>\$ 3,991,449</b>	<b>\$ 7,748,098</b>	<b>\$ 7,436,794</b>

#### Cumulative expenses consist of:

Cumulative exploration expenses	\$ 792,613	\$ 2,231,418	\$ 600,000	\$ 3,967,838	\$ 7,591,869	\$ 7,288,955
Cumulative stock-based compensation	89,171	43,447	-	23,611	156,229	147,839
<b>Cumulative expenses</b>	<b>\$ 881,784</b>	<b>\$ 2,274,865</b>	<b>\$ 600,000</b>	<b>\$ 3,991,449</b>	<b>\$ 7,748,098</b>	<b>\$ 7,436,794</b>

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

# ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

---

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Rockwell Ventures Inc. (the “Company”) is incorporated under the British Columbia *Business Corporations Act* (formerly the *Company Act* of British Columbia), and its principal business activity is the exploration of mineral properties. The Company’s principal mineral property interests are located in Chile and Canada.

During the year, shareholders approved a capital reorganization of the Company, which included the creation of a class of preferred shares, and a consolidation of the Company’s common shares on a four-old-shares-for-one-new basis. Regulatory approval of this capital reorganization was received on January 27, 2006. All references to number of common shares and per common shares amounts have been retroactively restated to reflect this common share consolidation.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles assuming a going concern. The Company has a working capital deficiency and has incurred operating losses since its inception. The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations, and to continue to raise adequate financing. There can be no assurance that the Company will be able to secure additional financial resources nor achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail its operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company’s assets and liabilities be restated on a basis which could differ significantly from the going concern basis.

## 2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated upon consolidation.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) *Cash and equivalents*

Cash and equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### (b) *Allowance for amounts receivable*

The Company establishes an allowance for uncollectible amounts receivable on a specific account basis. No allowances for amounts receivable were recorded by the Company as at February 28, 2006 and May 31, 2005.

### (c) *Marketable securities*

Marketable securities are recorded at the lower of (i) cost less accumulated write downs, and (ii) estimated market value.

## ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

---

(d) *Reclamation and security deposits*

Reclamation and security deposits are recorded at cost.

(e) *Mineral property interests*

The acquisition costs of mineral properties are deferred until the property is placed into production, sold, or abandoned, or when management has determined that there has been an impairment in value. Acquisition costs which have been deferred will be amortized on a unit-of-production basis, over the estimated useful life of the related property following the commencement of production, or written off if the property is sold, allowed to lapse or abandoned, or written down to fair value when an impairment has been determined to have occurred.

Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares, on the date of issue or as otherwise provided under the agreed terms for the mineral property interest. Costs for properties to which the Company does not possess unrestricted ownership and exploration rights, such as option agreements, are expensed in the period incurred, or until a feasibility study has determined that the property is capable of economic commercial production.

Exploration costs and option payments are expensed in the period incurred.

Administrative expenditures are expensed in the period incurred.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

(f) *Financial instruments*

The Company's financial instruments consist of cash and equivalents, marketable securities, amounts receivable and prepaids, security deposit, accounts payable and accrued liabilities and balances receivable from or due to related parties. It is management's opinion the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(g) *Values*

The amounts shown for the mineral property interests represent costs accumulated to date, and do not necessarily represent present or future values, as they are entirely dependent upon the economic recoverability of current and future ore reserves, of which the Company currently has none.

(h) *Asset retirement obligations*

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted

## ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

---

at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

(i) *Foreign currency translation*

All of the Company's foreign operations are considered integrated with those of the Company's domestic operations and use the Canadian dollar as their functional currency.

Monetary assets and liabilities of the Company and its integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date. Revenues and expenses, except amortization, are translated at the average exchange rates for the period. Amortization is translated at the same exchange rate as the assets to which it relates. Gains or losses on translation are recorded in the statement of operations.

(j) *Share capital*

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached.

(k) *Stock-based compensation*

The Company has a share option plan which is described in note 6(c). The Company records all stock-based payments granted using the fair value method.

Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable, and are charged to operations over the vesting period, with an offsetting amount to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(l) *Future income taxes*

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, generally using the enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Future income tax assets also result from unused loss carryforwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(m) *Loss per share*

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period.



# ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds receivable upon exercise of dilutive share purchase options and warrants are used to repurchase common shares at the average market price during the period.

Diluted loss per share has not been presented as the effect of outstanding options and warrants would be anti-dilutive.

(n) *Use of estimates*

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of mineral property interests, determination of reclamation obligations and the assumptions used in determining stock-based compensation expense. Actual results could differ from those estimates.

(o) *Comparative figures*

Certain of the prior periods' comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

## 4. MARKETABLE SECURITIES

Marketable securities comprise the following:

	February 28 2006	May 31 2005
ComWest Enterprise Corp. (formerly Chatworth Resources Inc.) (note 5(b)) Nil class "A" non-voting restricted common shares, Nil class "B" voting common shares. (May 31, 2005 – 83,333 Chatworth common shares with a market value of \$15,833)	\$ –	\$ 15,833
ComWest Enterprise Corp. (formerly Chatworth Resources Inc.) (note 5(b)) 62,133 warrants exercisable at \$0.804 until June 4, 2006 (May 31, 2005 – 83,333 Chatworth warrants with a market value of \$3,000)	1	3,000
Taseko Mines Limited (note 5(c)) Nil common shares (May 31, 2005 – 78,853 Taseko common shares with a market value of \$90,681)	–	90,681
	\$ 1	\$ 109,514

In November 2005, Chatworth amalgamated with ComWest Capital Corp. to form ComWest Enterprise Corp. ("ComWest"). Under the amalgamation agreement, the Company's 83,333 Chatworth common shares were exchanged for 32,383 Class "A" non-voting restricted common shares and 32,383 Class "B" voting common shares of ComWest. The Company's 83,333 Chatworth warrants were exchanged for 62,133 ComWest warrants. Each ComWest warrant entitles the Company to acquire one additional ComWest Class "B" voting common share at \$0.804 per share until June 4, 2006.

## ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

The Company's 32,383 Class "A" non-voting restricted common shares and 32,383 Class "B" voting common shares of ComWest were sold during the quarter ended February 28, 2006 for proceeds of \$10,371.

### 5. MINERAL PROPERTY INTERESTS

Acquisition Costs	Royce Property	Ricardo Property	Total
Balance at February 28, 2006 and May 31, 2005	\$ -	\$ 46,857	\$ 46,857

Title to mining properties involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the often complicated conveyancing history characteristic of many mining properties. The Company does not have title insurance but has investigated title to its Ricardo mineral property and, to the best of its knowledge and belief, title to its property is in good standing.

#### (a) *Ricardo Property, Chile*

The Company holds a 100% interest in certain mineral exploration and exploitation concessions in the Calama Mining District in Chile. The Corporación Nacional del Cobre de Chile ("Codelco"), the Chilean national copper company, is erecting housing and other infrastructure in certain areas of the Ricardo Property, as part of a relocation project of its workers at its Chuquicamata mine. The Company believes this construction usurps the Company's constitutional mining rights. Accordingly, in order to preserve access to its mineral concessions, the Company applied for several easements on its Ricardo Property in November 2002. These matters are currently before the law courts of Chile. Pursuant to the terms of the easement application, a refundable deposit of 15 million Chilean pesos (February 28, 2006 and May 31, 2005 - \$32,190) was lodged with the authorities.

The Company continues to maintain the Ricardo Property in good standing.

#### (b) *Royce Diamond Property, Northwest Territories, Canada*

In February 2004, the Company received approval from the TSX-V for a property option agreement with Chatworth Resources Inc. ("Chatworth") (formerly GMD Resource Corp.), a TSX-V listed company, to acquire up to a 60% interest in the Royce Diamond Claims ("the Royce Claims"), which are located within the Slave Geological Province, near Yellowknife, Northwest Territories.

In June 2004, the Company completed the exploration program on the property and subsequently terminated its option to earn an interest in the Royce Claims.

#### (c) *Farmout agreement - Gibraltar exploration properties, British Columbia, Canada*

In December 2003, the Company entered into a farmout agreement (the "2003 farmout agreement") with Taseko Mines Limited ("Taseko"), a public company with certain directors in common with the Company. Under the terms of the 2003 farmout agreement, Taseko granted to the Company rights to earn joint venture working interests, subject to a maximum of \$200,000,

## ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

---

on certain exploration properties located in the vicinity of the Gibraltar mine property. For a period of 150 days after the Company had earned its working interest, Taseko had the right to purchase, at its option, the Company's earned interests for cash or common share consideration aggregating 110% of the Company's earn-in amount. If Taseko elected to issue common shares, the number of common shares to be issued upon exercise would be valued at the ten-day weighted average trading price as traded on the TSX-V.

In December 2003, the Company earned an interest in these properties to the extent of \$200,000.

During the Company's fiscal year ended May 31, 2004, Taseko exercised its right to purchase the Company's interest, and on June 15, 2004, Taseko issued 78,853 of its common shares for total consideration of \$220,000. The Company's 78,853 Taseko common shares were sold during the quarter ended February 28, 2006 for proceeds of \$136,599.

(d) *Farmout agreement - British Columbia exploration properties, Canada*

In November 2004, the Company entered into a farmout agreement (the "2004 farmout agreement") with Amarc Resources Ltd. ("Amarc"), a public company with certain directors in common with the Company. Under the terms of the 2004 farmout agreement, Amarc granted to the Company rights to earn joint venture working interests of 50%, subject to a maximum of \$600,000 in exploration costs to be spent on certain mineral properties located in British Columbia. These properties are the Crystal, Hook, Kal, M2, M3, M5 and Tsil properties. In December 2004, the Company had earned its 50% interest in these properties.

The Crystal and Hook projects are located in the Cariboo region and the M3, M4, M5, Tsil and Kal projects are located in the Prince George region. Both of these regions are located in central British Columbia.

Induced polarization surveys were performed on the Cariboo properties in calendar 2004, and certain identified anomalies were tested with drill holes. The Crystal property drilling yielded negative results and the property was allowed to lapse during the first quarter of fiscal 2005. The Hook property drilling also yielded negative results. In March 2005, Amarc entered into an agreement with Wildrose Resources Ltd., whereby the Hook property was sold to Wildrose for the sum of \$10 and the right, in favour of Amarc and Rockwell, to enter into an option agreement to purchase Wildrose's Cowtrail and Pat claims, also located in the Cariboo region near Horsefly. Amarc and Rockwell did not exercise the right to enter into the option agreement.

Induced polarization surveys were conducted on the Kal, M3, M4, M5 and Tsil properties during calendar 2004. Certain anomalies were identified and tested by drill holes during the same period. An evaluation of these results concluded that the results do not warrant further exploration by the Company. The Company has reviewed its potential joint venture status on the properties. The properties will be held on assessment credits, and allowed to lapse at the end of the assessment periods.

During the year ended May 31, 2005, the Hook property was vended to Wildrose Resources Ltd., a company holding adjoining claims to the property, in consideration for Wildrose paying for the filing of assessment work and submitting a report to Amarc and Rockwell on the exploration potential of the consolidated claim group. The report was received by the Company on June 28, 2005. Amarc and Rockwell had an exclusive right for 45 days after receipt of the report to

# ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

acquire an option to purchase an interest in the consolidated claim group. A decision has been made not to acquire an interest in the consolidated claim group.

## 6. SHARE CAPITAL

### (a) *Authorized share capital*

The Company's authorized share capital consists of an unlimited number of common shares, without par value, and an unlimited number of preferred shares without par value.

At the Company's Annual and Extraordinary General Meeting held on November 28, 2005, the Company's shareholders approved the creation of a class of preferred shares and the consolidation of the Company's common shares on a four old shares for one new basis. Regulatory approval of this capital reorganization was received on January 27, 2006.

### (b) *Issued and outstanding common shares*

<b>Common shares issued</b>	<b>Price</b>	<b>Number of shares</b>	<b>Amount</b>
Balance, May 31, 2003		13,799,819	\$8,697,652
Warrants exercised	\$0.88	24,125	21,230
Private placement December 2003 (net of issue costs) <sup>(i)</sup>	\$0.32	9,375,000	2,925,255
Options exercised	\$0.40	3,750	1,500
Options exercised	\$0.60	3,750	2,250
Balance, May 31, 2004		23,206,444	11,647,887
Warrants exercised	\$0.40	400,000	160,000
Options exercised	\$0.40	7,500	3,000
Contributed surplus allocated to common shares issued on options exercised		-	4,905
Balance, May 31, 2005		23,613,944	11,815,792
Warrants exercised	\$0.40	50,000	20,000
Options exercised		-	-
<b>Balance, February 28, 2006</b>		<b>23,663,944</b>	<b>\$ 11,835,792</b>

- (i) On December 31, 2003, the Company completed a private placement of 9,375,000 units for gross proceeds of \$3,000,000. Of these, 4,312,500 were flow-through units. Each unit consisted of one common share and one share purchase warrant exercisable to purchase an additional common share at a price of \$0.40 until December 31, 2005. On December 31, 2005, the remaining 8,925,000 share purchase warrants expired unexercised.

### (c) *Share purchase options*

The Company has a share purchase option compensation plan approved by the shareholders that allows the Company to grant options up to 10% of the issued and outstanding shares of the Company at any one time, typically vesting over two years, subject to regulatory terms and approval, to its directors, employees, officers, and consultants. The exercise price of each option can be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable

## ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

discounts. Options have a maximum term of five years and typically terminate 30 days following the termination of the optionee's employment, except in the case of retirement or death.

The continuity of share purchase options for the period ended February 28, 2006 is:

Expiry date	Exercise price	May 31, 2005	Granted	Exercised	Expired/cancelled	February 28, 2006
May 19, 2006	\$ 0.32	27,500	–	–	–	27,500
September 28, 2007	\$ 0.40	–	126,250	–	7,500	118,750
February 29, 2008	\$ 0.42	–	210,000	–	–	210,000
		27,500	336,250	–	7,500	356,250
Weighted average exercise price		\$ 0.32	\$ 0.41	\$ –	\$ 0.40	\$ 0.41

As at February 28, 2006, 27,500 of the options outstanding had vested with grantees.

Using a Black-Scholes option pricing model with the assumptions noted below, the fair values of stock options have been reflected in the statement of operations as follows:

	Three months ended February 28		Nine months ended February 28	
	2006	2005	2006	2005
Exploration and engineering	\$ 4,875	\$ 405	\$ 7,042	\$ 4,647
Operations and administration	9,703	13,714	13,971	18,605
<b>Total compensation cost expensed to operations</b>	<b>\$ 14,578</b>	<b>\$ 14,119</b>	<b>\$ 21,013</b>	<b>\$ 23,252</b>

The weighted-average assumptions used to estimate the fair value of options granted during the period are as follows:

	Three months ended February 28		Nine months ended February 28	
	2006	2005	2006	2005
Risk free interest rate	4%	3%	4%	3%
Weighted average expected life	1.7 years	1.5 years	1.7 years	1.5 years
Vesting period	4-18 months	0-3 months	4-18 months	0-3 months
Weighted average expected volatility	131%	162%	137%	162%
Expected dividends	nil	nil	nil	nil

(d) *Share purchase warrants*

The continuity of share purchase warrants (each warrant exercisable into one common share) for the period ended February 28, 2006 is:

Expiry date	Exercise price	May 31, 2005	Issued	Exercised	Expired	February 28, 2006
December 31, 2005 (note 6(b)(i))	\$ 0.40	8,975,000	–	50,000	8,925,000	–
Weighted average exercise price		\$ 0.40	\$ –	\$ 0.40	\$ –	\$ –

## ROCKWELL VENTURES INC.

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

(e) *Contributed surplus*

Balance, May 31, 2004	\$ 445,020
Changes during 2005	
Non-cash stock-based compensation (note 6(c))	11,513
Share purchase options exercised, credited to share capital	(4,905)
Balance, May 31, 2005	\$ 451,628
Changes during 2006	
Non-cash stock-based compensation (note 6(c))	21,013
<b>Balance, February 28, 2006</b>	<b>\$ 472,641</b>

The components of contributed surplus are:

	February 28, 2006	May 31, 2005
Accumulated stock-based compensation	\$ 477,546	\$ 456,533
Share purchase options exercised, credited to share capital	(4,905)	(4,905)
<b>Total contributed surplus</b>	<b>\$ 472,641</b>	<b>\$ 451,628</b>

## 7. RELATED PARTY BALANCES AND TRANSACTIONS

<b>Balances (payable) receivable</b>	February 28, 2006	May 31, 2005
Hunter Dickinson Inc. (a)	\$ (369,655)	\$ 77,159

<b>Transactions</b>	Three months ended		Nine months ended	
	February 28		February 28	
	2006	2005	2006	2005
Services rendered and expenses reimbursed				
Hunter Dickinson Inc. (a)	\$ 96,451	\$ 38,640	\$ 646,818	\$ 106,909
Euro-American Capital Corporation (b)	5,075	5,210	14,606	11,814
Gordon J. Fretwell Law Corporation (c)	–	238	–	1,060

- (a) Hunter Dickinson Inc. ("HDI") is a private company with certain directors in common with the Company that provides geological, technical, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company on a full cost recovery basis pursuant to an agreement dated January 1, 2001.

Exploration advances to and from HDI have arisen in the normal course, due to in-progress and near-term planned exploration work, primarily on the Company's exploration properties and for other operating expenses. There are no specific terms of repayment.

- (b) Euro-American Capital Corporation is a private company controlled by a director that provides management services to the Company based on the fair market value of those services.
- (c) Gordon J. Fretwell Law Corporation is a private company controlled by a director that provides legal services to the Company based on the fair market value of those services.

## **ROCKWELL VENTURES INC.**

Notes to the Consolidated Financial Statements

For the period ended February 28, 2006

(Unaudited - Expressed in Canadian Dollars)

---

### **8. INCOME TAXES**

At May 31, 2005, the Company had available for deduction against future taxable income non-capital losses of approximately \$3,610,000 (2004 – \$3,309,000). These losses, if not utilized, will expire in various years ranging from 2006 to 2015. Subject to certain restrictions, the Company also had Canadian resource expenditures of approximately \$3,300,000 (2004 – \$4,467,000), which are available to reduce taxable income in future years.

**ROCKWELL VENTURES INC.  
NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

TABLE OF CONTENTS

1.1	DATE .....	2
1.2	OVERVIEW .....	2
1.3	SELECTED ANNUAL INFORMATION .....	4
1.4	SUMMARY OF QUARTERLY RESULTS .....	5
1.5	RESULTS OF OPERATIONS .....	6
1.6	LIQUIDITY .....	7
1.7	CAPITAL RESOURCES .....	7
1.8	OFF-BALANCE SHEET ARRANGEMENTS .....	7
1.9	TRANSACTIONS WITH RELATED PARTIES .....	7
1.10	FOURTH QUARTER .....	7
1.11	PROPOSED TRANSACTIONS .....	8
1.12	CRITICAL ACCOUNTING ESTIMATES .....	8
1.13	CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION .....	8
1.14	FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS .....	8
1.15	OTHER MD&A REQUIREMENTS .....	8
1.15.1	ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE .....	8
1.15.2	DISCLOSURE OF OUTSTANDING SHARE DATA .....	9



**ROCKWELL VENTURES INC.  
NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.1 Date**

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements of Rockwell Ventures Inc. ("Rockwell", or the "Company") for the nine months ended February 28, 2006.

This MD&A is prepared as of April 7, 2006. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

**1.2 Overview**

Rockwell Ventures Inc. ("Rockwell" or the "Company") is engaged in the business of acquiring and exploring natural resource properties.

Rockwell holds the Ricardo Property, a porphyry copper prospect in the Chuquicamata district of Chile. The Company is currently looking for new partners to advance exploration of the project.

The Company also holds a part interest in several exploration properties in north-central British Columbia, on which work was done in late 2005. This work yielded negative results and the properties are being allowed to lapse.

The Company is also assessing new prospects for acquisition.

At the Company's Annual and Extraordinary General Meeting held on November 28, 2005, the Company's shareholders approved a capital reorganization of the Company, which included the creation of a class of preferred shares, and a consolidation of the Company's common shares on a four old shares for one new basis. Regulatory approval of this capital reorganization was received on January 27, 2006.

**Ricardo Property, Chile**

The Company holds a 100% interest in the Ricardo Property, a porphyry copper prospect located within the Calama Mining District, Chile. The property is situated on the West Fissure Fault, a structural trend that hosts a number of porphyry copper deposits, including Corporación Nacional del Cobre de Chile's ("Codelco", Chile's national mining company) Chuquicamata Mine. There are targets on the Ricardo property that have yet to be tested and the Company is seeking partners to continue exploration.

Codelco is erecting housing and other infrastructure in certain areas of the Ricardo property, as part of a relocation project of its workers at its Chuquicamata mine. The Company believes this construction usurps the Company's mining rights and therefore, applied for two easements in an attempt to protect the Company's mining rights and to receive fair compensation from Codelco. This litigation is continuing, and the Company anticipates a ruling from the Supreme Court of Chile during calendar 2006.

**ROCKWELL VENTURES INC.  
NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**Market Trends**

Copper prices continued to increase in 2005, averaging US\$1.59/lb over the year. Copper prices remain strong, averaging US\$2.23/lb so far in 2006.

**ROCKWELL VENTURES INC.**  
**NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.3 Selected Annual Information**

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars except common shares outstanding.

	<b>As at May 31</b>		
<b>Balance Sheets</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Current assets	\$ 580,530	\$ 1,895,141	\$ 121,756
Mineral properties	46,857	46,857	46,857
Other assets	32,190	32,190	28,935
<b>Total assets</b>	<b>659,577</b>	<b>1,974,188</b>	<b>197,548</b>
Current liabilities	29,976	33,406	256,003
Shareholders' equity (deficiency)	629,601	1,940,782	(58,455)
<b>Total liabilities and shareholders' equity</b>	<b>\$ 659,577</b>	<b>\$ 1,974,188</b>	<b>\$ 197,548</b>

	<b>Years ended May 31</b>		
<b>Operations</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Exploration	\$ 920,902	\$ 525,619	\$ 482,256
Foreign exchange	3,105	(34,856)	(12,936)
Legal, accounting and audit	80,078	48,402	25,297
Office and administration	285,618	325,178	242,081
Shareholder communications	19,896	16,987	55,519
Travel and conference	30,293	49,325	34,125
Trust and filing	22,795	33,139	8,734
<b>Subtotal</b>	<b>1,362,687</b>	<b>963,794</b>	<b>835,076</b>
Gain on sale of marketable securities	(6,138)	(9,645)	–
Interest income	(17,854)	(28,151)	(2,368)
Other	135,486	25,000	21,600
<b>Subtotal</b>	<b>1,474,181</b>	<b>950,998</b>	<b>854,308</b>
Stock-based compensation	11,513	445,020	–
<b>Loss for the period</b>	<b>\$ 1,485,694</b>	<b>\$ 1,396,018</b>	<b>\$ 854,308</b>
Basic and diluted loss per common share	\$ (0.06)	\$ (0.08)	\$ (0.06)
Weighted average number of common shares outstanding	23,376,122	17,744,545	13,737,307

**ROCKWELL VENTURES INC.**  
**NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.4 Summary of Quarterly Results**

Expressed in thousands of Canadian dollars, except per-share amounts. Minor differences are due to rounding.

	Feb 28 2006	Nov 30 2005	Aug 31 2005	May 31 2005	Feb 28 2005	Nov 30 2004	Aug 31 2004	May 31 2004
Current assets	\$ 197	\$ 205	\$ 429	\$ 581	\$ 769	\$ 1,505	\$ 1,611	\$ 1,895
Mineral properties	47	47	47	47	47	47	47	47
Other assets	32	32	32	32	32	32	32	32
<b>Total assets</b>	<b>276</b>	<b>284</b>	<b>508</b>	<b>660</b>	<b>848</b>	<b>1,584</b>	<b>1,690</b>	<b>1,974</b>
Current liabilities	446	128	33	30	–	17	22	33
Shareholders' equity (deficiency)	(170)	156	475	630	848	1,567	1,668	1,941
<b>Total liabilities and shareholders' equity</b>	<b>276</b>	<b>284</b>	<b>508</b>	<b>660</b>	<b>848</b>	<b>1,584</b>	<b>1,690</b>	<b>1,974</b>
<b>Working capital (deficit)</b>	<b>(250)</b>	<b>77</b>	<b>396</b>	<b>551</b>	<b>769</b>	<b>1,488</b>	<b>1,589</b>	<b>1,861</b>
<b>Expenses</b>								
Foreign exchange	(54)	4	1	–	(42)	30	15	(13)
Legal, accounting and audit	32	19	6	37	17	24	2	18
Office and administration	134	62	66	59	100	65	62	73
Property investigation	87	147	26	–	–	–	–	–
Shareholder communications	9	11	1	1	14	4	1	2
Travel and conference	49	54	1	27	–	–	3	20
Trust and filing	12	5	1	1	17	4	1	2
Subtotal	269	302	102	125	106	127	84	102
Exploration	134	16	37	116	675	46	84	384
Subtotal	403	318	139	241	781	173	168	486
Gain on sale of marketable securities	(57)	–	–	–	(6)	–	–	(10)
Interest income	–	(1)	(1)	(2)	(3)	(7)	(6)	(12)
Write-down of marketable securities	–	2	17	20	–	4	111	25
Subtotal	346	319	155	259	772	170	273	489
Stock-based compensation	15	6	–	3	1	3	5	81
<b>Loss for the period</b>	<b>\$ 361</b>	<b>\$ 325</b>	<b>\$ 155</b>	<b>\$ 262</b>	<b>\$ 773</b>	<b>\$ 173</b>	<b>\$ 278</b>	<b>\$ 570</b>
Basic and diluted loss per share	\$ (0.02)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.01)	(\$0.01)	(\$0.02)
Weighted average number of common shares outstanding (thousands)	23,658	23,614	23,614	23,555	23,437	23,308	23,207	23,204

**ROCKWELL VENTURES INC.**  
**NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.5 Results of Operations**

*Nine months ended February 28, 2006*

The Company had a net loss of \$841,071 for the nine months ended February 28, 2006 compared to a net loss of \$1,226,618 for the same period in the previous year. The decrease in net loss is primarily due to decreases in exploration expenses (2006 – \$187,365; 2005 – \$805,353). This decrease was offset by increased expenses in property investigation (2006 – \$259,741; 2005 – \$Nil) and travel and conference expenses (2006 – \$103,314; 2005 – \$3,357).

Exploration expenses for the nine months ended February 28, 2006, excluding stock-based compensation, decreased to \$187,365 compared to \$805,353 for the same period in previous year. This decrease is due to the termination of exploration activities at the Royce Diamond property and various British Columbia properties due to insufficient results to warrant further exploration. Furthermore, a reduction in site activities at the Company's Minera Ricardo property also contributed to this decrease.

Foreign exchange gains increased to \$49,643 for the nine months period ended February 28, 2006 compared to \$3,138 for the same period in previous year. Administrative costs for the nine months period ended February 28, 2006 increased to \$261,747 in comparison to \$228,332 incurred in the corresponding period in the previous year.

Property investigation expenses (2006 – \$259,741; 2005 – \$nil) and travel and conference expenses (2006 – \$103,314; 2005 – \$3,357) increased for the nine month period ending February 28, 2006 compared to the same period in the prior year as the Company continued to evaluate properties for acquisition and exploration.

Interest income decreased to \$1,483 for the nine months ended February 28, 2006, compared to \$14,929 for the same period last year due to lower cash balances on hand.

The Company recorded a stock-based compensation of \$21,013 (2005 – \$8,278) for the nine months ended February 28, 2006 due to options granted.

*Three months ended February 28, 2006*

The Company had a net loss of \$360,926 for the current quarter ended February 28, 2006 compared to \$773,119 for the same quarter last year. This is mainly due to the decreases in exploration expenses arising from the termination of exploration activities at the various British Columbia properties during the current quarter compared to the same quarter in the prior year (2006 – \$134,171; 2005 – \$675,373). This was offset by increased property investigation expenses incurred during the current quarter (2006 – \$86,946; 2005 – \$nil) and an increase in travel and conferences expenses compared to the same quarter in prior year (2006 – \$49,019; 2005 – \$116) as the Company continued to evaluate properties for acquisition and exploration.

Legal, accounting and audit expenses (2006 – \$32,093; 2005 – \$16,591), and office and administration expenses (2006 – \$133,601; 2005 – \$100,336) increased during the current quarter compared to the same quarter in the prior year due to the increased property investigation activities. The Company recorded a stock-based compensation of \$14,578 for the current quarter due to options granted during the year.

**ROCKWELL VENTURES INC.**  
**NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.6 Liquidity**

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common share capital in each of the past few years, pursuant to private placement financings and the exercise of warrants and options. The Company's access to exploration financing, when the financing is not transaction specific, is always uncertain. There can be no assurance of continued access to significant equity funding.

At February 28, 2006, the Company had working capital deficit of \$249,505 as compared to a positive working capital of \$550,554 at May 31, 2005. The Company will have to raise additional funds to continue its operations or will have to curtail its operations.

The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations.

The Company has no "Purchase Obligations" defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

**1.7 Capital Resources**

The Company had no commitments for capital expenditures as of February 28, 2006.

The Company has no lines of credit or other sources of financing which have been arranged but as yet unused.

**1.8 Off-Balance Sheet Arrangements**

None.

**1.9 Transactions with Related Parties**

Hunter Dickinson Inc. ("HDI") is a private company owned by nine public companies, one of which is Rockwell. HDI carries out investor relations, geological, corporate development, administrative and other management services for, and incurs third party costs on behalf of the Company, on a full cost-recovery basis. Costs for services rendered by HDI to the Company increased to \$646,818 (2005 – \$106,909) for the nine months ended February 28, 2006 to an increase in property investigation activities provided by HDI in assessing new prospects for acquisition and exploration.

During the nine months ended February 28, 2006, the Company paid \$14,606 (2005 – \$11,814) to Euro-American Capital Corporation, a private company controlled by a director of the Company.

**1.10 Fourth Quarter**

Not applicable.

**ROCKWELL VENTURES INC.  
NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.11 Proposed Transactions**

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course, before the board of directors for consideration.

**1.12 Critical Accounting Estimates**

Not applicable. The Company is a venture issuer.

**1.13 Changes in Accounting Policies including Initial Adoption**

None.

**1.14 Financial Instruments and Other Instruments**

None.

**1.15 Other MD&A Requirements**

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue**

(a) capitalized or expensed exploration and development costs;

The required disclosure is presented in the consolidated schedules of exploration expenses and in note 5 of the accompanying financial statements.

(b) expensed research and development costs;

Not applicable.

(c) deferred development costs;

Not applicable.

(d) general and administration expenses;

The required disclosure is presented in the consolidated statements of operations.

(e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d);

None.

**ROCKWELL VENTURES INC.  
NINE MONTHS ENDED FEBRUARY 28, 2006**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.15.2 Disclosure of Outstanding Share Data**

The following details the share capital structure as at April 07, 2006, which is the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry date	Exercise price	Number	Number
Common shares				23,669,777
Share purchase options	May 19, 2006	\$ 0.32	22,500	
	September 28, 2007	\$ 0.40	117,917	
	February 29, 2008	\$ 0.42	<u>210,000</u>	350,417