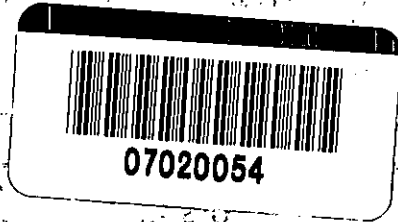


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CURLEW LAKE RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2006

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CURLEW LAKE RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
AS AT OCTOBER 31, 2006
(Unaudited – prepared by management)

	Oct 31 2006	Jan 31 2006
ASSETS		
Current		
Cash	\$382,958	\$142,218
Receivables	61,054	22,741
	444,012	164,959
Long-term investment		
Guaranteed Investment Certificate	1,000	-
Oil and gas properties (Note 3)	1,375,708	353,092
Mineral properties (Note 4)	10,001	34,679
	<u>\$1,830,721</u>	<u>\$552,730</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$1,425	\$18,784
Due to related parties (Note 5)	0	156,371
Deferred drilling advance (Note 4)	307,550	0
Shareholders' equity		
Capital stock (Note 6)	12,924,883	11,886,253
Contributed surplus (Note 6)	190,011	108,260
Deficit	(11,593,148)	(11,616,938)
	<u>1,521,746</u>	<u>377,575</u>
	<u>\$1,830,721</u>	<u>\$552,730</u>

Nature and continuance of operations (Note 1)
Commitments (Notes 3, 4 and 10)

On behalf of the Board:

“ROBERT B. PINCOMBE” Director

“DAVID D. MCKEE” Director

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

CURLEW LAKE RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR QUARTER ENDED OCTOBER 31, 2006
(Unaudited – prepared by management)

	Three Months ended Oct 31		Nine Months ended Oct 31	
	2006	2005	2006	2005
INCOME				
Petroleum and natural gas sales, net	\$14,693	\$12,614	\$35,977	\$13,108
EXPENSES				
Amortization & depletion	0	0	0	0
Interest and bank charges	96	240	342	1,319
Management fees	7,500	15,000	22,500	45,000
Office and miscellaneous	388	2,268	1,556	4,193
Professional fees & consulting	0	1,960	7,558	14,882
Regulatory and transfer agent fees	3,611	3,510	19,785	22,478
Rent	1,021	1,788	3,021	5,794
Stock-based compensation (Note 6)	0	0	81,751	0
Telephone	2,800	2,075	5,826	5,220
Travel and promotion	2,530	51	8,210	3,467
Wages and benefits	10,500	10,000	29,500	34,000
Write-down/recovery of oil and gas properties	0	0	0	0
	<u>28,446</u>	<u>36,892</u>	<u>180,049</u>	<u>136,353</u>
Loss before other items	<u>(13,753)</u>	<u>(24,278)</u>	<u>(144,072)</u>	<u>(123,245)</u>
Other Income (Note 4)	<u>549</u>	<u>0</u>	<u>167,862</u>	<u>0</u>
Gain/(Loss) for the period	<u>(13,204)</u>	<u>(24,278)</u>	<u>23,790</u>	<u>(123,245)</u>
Deficit, beginning of period	<u>(11,579,944)</u>	<u>(10,276,836)</u>	<u>(11,616,938)</u>	<u>(10,177,869)</u>
Deficit, end of period	<u>\$(11,593,148)</u>	<u>\$(10,301,114)</u>	<u>\$(11,593,148)</u>	<u>\$(10,301,114)</u>
Basic and diluted gain/(loss) per common share	<u>(\$0.00)</u>	<u>\$(0.00)</u>	<u>\$0.00</u>	<u>\$(0.00)</u>
Weighted average number of common shares outstanding	<u>51,712,372</u>	<u>45,305,069</u>	<u>51,456,585</u>	<u>44,532,090</u>

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

CURLEW LAKE RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR QUARTER ENDED OCTOBER 31, 2006
(Unaudited – prepared by management)

	Three Months ended Oct 31		Nine Months ended Oct 31	
	2006	2005	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$(13,204)	\$(24,278)	\$23,790	\$(123,245)
Items not affecting cash:				
Amortization & depletion	0	0	0	0
Stock-based compensation	0	0	81,751	0
Write-down (recovery) of oil and gas properties	0	0	0	0
Changes in non-cash working capital items:				
Decrease (increase) in receivables	(50,399)	(10,420)	(38,312)	(11,235)
Increase (decrease) in A/P and accrued liabilities & drilling advance	(5,788)	(3,037)	(17,359)	(8,926)
Net cash used in operating activities	(69,391)	(37,735)	49,870	(143,406)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital stock issued	368,500	108,500	1,038,630	148,500
Drilling advance funds	157,550	0	307,550	0
Proceeds from (repayment) to related party	0	(12,727)	(156,371)	(4,696)
Net cash provided by financing activities	526,050	95,773	1,189,809	143,804
CASH FLOWS FROM INVESTING ACTIVITIES				
Recovery (expenditures/acquisition) of oil and gas properties	(371,001)	(26,057)	(1,022,617)	(26,305)
Increase (decrease) in Long-Term Investments	0	0	(1,000)	0
Acquisition of mineral properties	(10,000)	0	24,678	(9,034)
Net cash provided by investing activities	(381,001)	(26,057)	(998,939)	(35,339)
Change in cash during period	75,658	31,981	240,740	(34,941)
Cash, beginning of period	307,300	28,147	142,218	95,069
Cash, end of period	\$382,958	\$60,128	\$382,958	\$60,128
Cash paid during the period for:				
Interest expense	\$0	\$0	\$0	\$1,080
Income taxes	-	-	-	-

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

CURLEW LAKE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2006

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Company Act of British Columbia and its operations include the acquisition, exploration and development of mineral properties and the production from oil and gas properties in Alberta, Canada and the United States.

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. The Company's ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable production in the future.

	Oct 31 2006	Jan 31 2006
Deficit	(11,593,148)	(11,616,938)
Working capital	442,587	146,175

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Curlew Resource Corporation, a Nevada corporation. All significant inter-company balances and transactions have been eliminated on consolidation.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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

Equipment is recorded at cost and amortized over its estimated useful life using the declining balance method at rates of 20% and 30% per annum.

Mineral Properties

The costs of mineral properties and related exploration expenditures are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs are then amortized over the estimated useful life of the properties following the commencement of commercial production or written down if the properties are subsequently sold or abandoned. Expenditures made to keep properties in good standing are capitalized to the corresponding property, except when the property has been fully written down, in which case the expenditures are charged to operations in the period incurred.

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

Oil and Gas Properties

Curlew Lake Resources uses the full cost method for oil and gas exploration, development and production activities as set out in CICA Accounting Guideline 16 ("ACG-16"), "Oil and Gas Accounting - Full Cost". The cost of acquiring oil and natural gas properties as well as subsequent development costs are capitalized and accumulated in a cost center. Maintenance and repairs are charged against income, and renewals and enhancements, which extend the economic life of the property, plant and equipment, are capitalized. Gains and losses are not recognized upon disposition of oil and natural gas properties unless such a disposition would alter the rate of depletion by at least 20%. ACG-16 requires that a ceiling test be performed at least annually to assess the carrying value of oil and gas assets. A cost center is tested for recoverability using undiscounted future cash flows from proved reserves and forward indexed commodity prices, adjusted for contractual obligations and product quality differentials. A cost center is written down to its fair value when its carrying value, less the cost of unproved properties, is in excess of the related undiscounted cash flows. Fair value is estimated using accepted present value techniques that incorporate risk and uncertainty when determining expected future cash flows. Unproved properties are excluded from the ceiling test calculation and subject to a separate impairment test. It is reasonably possible, based on existing knowledge, that changes in current conditions in the near-term could require a change in the recorded amount.

Asset retirement obligations

The Company has adopted, on a retroactive basis, the recommendations of the CICA with respect to the recognition, measurement, and disclosure of asset retirement obligations. Under this policy the Company recognizes the liabilities related to the legal obligation to abandon and reclaim property, plant and equipment upon acquisition, construction, development and/or normal use of the asset. The initial liability must be measured at fair value and subsequently adjusted for the accretion of discount and changes in the fair value. The asset retirement cost is capitalized as part of oil and gas properties and depleted into earnings over time.

Depreciation, Depletion, and Accretion

In accordance with the full cost accounting method, all crude oil and natural gas acquisition, exploration, and development costs, including asset retirement costs, are accumulated in a cost center. The aggregate of net capitalized costs and estimated future development costs, less the cost of unproved properties and estimated salvage value, is amortized using the unit-of-production method based on current period production and estimated proved oil and gas reserves calculated in accordance with National Instrument 51-101.

Joint venture accounting

Substantially all of the Company's exploration and production activities are conducted jointly with others, and accordingly these accounts reflect only the Company's proportionate interest in these activities.

Foreign exchange

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities are adjusted at each balance sheet date to reflect exchange rates prevailing at that date. Gains and losses arising from restatement of foreign currency monetary assets and liabilities at each year-end are included in earnings.

CURLEW LAKE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2006

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

Stock-based compensation

Compensation expense associated with options granted is recognized in income over the vesting period of the option with a corresponding increase in contributed surplus. Compensation expense is based on the fair value of the options at the date of grant using a Black-Scholes option-pricing model. Any consideration received upon the exercise of the stock option together with the amount of non-cash compensation expense recognized in contributed surplus is recorded as an increase in shareholders' equity.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby 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 period 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 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 earnings 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 period.

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

Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

3. OIL AND GAS PROPERTIES

	Oct 31 2006	Jan 31 2006
Turner Valley Oil Project	\$2,992,436	\$2,992,430
Metis Gas Project	816,567	0
Fosterton Project	211,043	5,000
EKHO Project	1	1
White Pine Project	600	600
Antelope Valley Project	27,754	27,753
Forum Prospect	1	1
	<u>4,048,402</u>	<u>3,025,785</u>
Less: Accumulated depletion and amortization and write-down	<u>(2,672,694)</u>	<u>(2,672,693)</u>
	<u>\$1,375,708</u>	<u>\$353,092</u>

OIL AND GAS PROPERTIES (cont'd...)

Turner Valley Oil Project - Calgary, Alberta

The Company holds various interests, averaging about 4.375%, in certain petroleum and natural gas leases. The Company is in a non-operator position on all leases in this area. The Company has signed multiple farmout agreements on portions of the leases with three separate parties whereby the Company has retained royalty and/or working interests. The Company is now receiving pre-payout royalty income.

Also during the 2002 fiscal year, the Company signed an agreement whereby an investor agreed to pay 1.575% of the cost of drilling and completing a specific well on Company interest land in this area. Pursuant to the agreement, the Company will receive 15% of any revenues from this interest in the well until the investor recovers his investment, and thereafter the Company will receive 50% of revenues. As at October 31, 2006, the investor has recovered \$71,821, and drilling advances of \$128,441 remain to be paid. (2006 - \$136,979).

Métis Gas Project - Kikino Settlement, Alberta

The Company entered into a joint-venture agreement with Métis Moccasin Resources Inc., and Propel Energy Corp., both private Alberta companies. Under this agreement Curlew Lake will have the right to acquire a 47.5% working interest before payout, convertible to 33.33% after payout, in oil and natural gas leases secured by the joint venture partners on Métis Settlement lands.

Métis Moccasin Resources has successfully completed the acquisition of an initial 10 sections (6400 acres) of oil and natural gas leases on the Kikino Métis Settlement lands northeast of Edmonton, Alberta.

Antelope Valley Project, Nevada, USA

Curlew Lake Resources acquired a 100% working interest in 11,590 acres (over 18 square miles) of oil and natural gas lease rights in the Antelope Valley area of Eureka County, Nevada. The leases were purchased from Royalon Prospection, headed by Michael Walker of Vancouver, B.C., who acquired the leases from the BLM after extensive investigation of the area. The 100% working interest is subject to BLM and Vendor royalties of 20%, resulting in 80% net revenue leases.

White Pine Project - Nevada, USA

The Company acquired lease rights for a new oil well project called "White Pine" located in White Pine County, Nevada. The agreement gives the Company a 100% working interest in the lease and subsequent wells subject to a 7.5% royalty to vendors and U.S. BLM Land Royalty of 12.5% (a 80% net revenue lease). If the initial test well is successful the Company has agreed to pay a one-time fee of \$100,000 U.S. for a well that achieves sustained production over 1000 barrels of oil per day (BOPD), or \$50,000 if under 1000 BOPD, within 90 days of well production commencement. The White Pine project consists of 937 acres.

Fosterton Project, Saskatchewan, Canada

The Company has signed an agreement whereby it is granted the right to participate in a test well to earn a 25% interest in 320 acres of petroleum and natural gas leases. The Company will be required to pay 25% of the costs of an initial well on the project, and will be entitled to receive 25% of all net revenue from the well before payout (subject to a convertible GORR reserved to Farmers) and 15% after payout. The Company will have the right to pay 15% of the cost and receive 15% of the proceeds of production on any further wells on the project.

CURLEW LAKE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2006

OIL AND GAS PROPERTIES (cont'd...)

EKHO Project, California, USA

An agreement was signed effective May 1, 2004 concerning Tri-Valley Corporation's (TIV:Amex) Ekho Oil Project in the San Joaquin Valley, California, USA. This agreement restructured the project, whereby the Company converted its working interest to a 0.33 % Gross Overriding Royalty interest in any production from the Ekho No. 1 well and the surrounding 320 acres.

Forum Prospect - Los Angeles County, California

The Company currently holds a 5.5% interest in certain petroleum and natural gas rights.

4. MINERAL PROPERTIES

	Oct 31 2006	Jan 31 2006
Typhoon Claims	\$10,001	\$34,679
	\$10,001	\$34,679

Typhoon Claims, Clear Creek District, Yukon Territories

In the 2003 fiscal year, the Company entered into an option agreement with the Kingfisher Syndicate ("Kingfisher") to acquire a 100% interest in mineral claims in the Clear Creek District of the Yukon. Curlew Lake has fulfilled all obligations under the original agreement. An amended agreement dated May 11, 2005 resulted in the 10% Net Proceeds of Production Royalty being changed to a 2% Net Smelter Royalty, of which 1% may be purchased by the Company at any time in the future for the price of \$600,000, in cash or shares.

On May 12th & September 19th 2006 the Company announced that it has arranged with a private investor whereby the private investor may earn a combined total 2% NSR in the Typhoon gold project in the Clear Creek area, Dawson Mining District, Yukon Territories. These arrangements will provide the required funds to complete the drilling program announced on May 9th. The property is controlled 100% by Curlew Lake, and will now be subject to a 4% NSR, 1% of which may be purchased at any time for \$600,000 in cash or shares and an additional 2% which may be purchased at any time for \$1,000,000 in cash. The funds received have been presented as a deferred drilling advance with the remaining proceeds reducing the property value to a nominal rate and the balance being included in other income.

CURLEW LAKE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2006

5. DUE TO RELATED PARTIES

As of October 31st, 2006 the Company does not have any related party liabilities

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number Of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common shares without par value			
As at January 31, 2004	37,529,526	\$11,322,753	\$72,451
Issued for cash under private placements	6,000,000	300,000	-
Exercise of warrants for cash	150,000	15,000	-
Stock-based compensation	-	-	22,660
As at January 31, 2005	43,679,526	11,637,753	95,111
Issued for cash under private placements	2,150,000	138,500	-
Issued for cash under flow-through share offering	1,250,000	100,000	-
Issued for Yukon property agreement	200,000	10,000	-
Stock-based compensation	-	-	13,149
As at January 31, 2006	47,279,526	11,886,253	\$108,260
Issued for cash under private placements	5,250,000	525,000	-
Finder's Fee for private placement	250,000	-	-
Exercise of warrants for cash	2,150,000	215,000	-
Share subscription advances	1,660,000	332,000	-
Share issue costs	-	(33,370)	-
Stock-based compensation	-	-	81,751
As at October 31, 2006	56,589,526	\$12,924,883	\$190,011

On March 1st the company received \$5,000 for 50,000 warrants exercised. The warrants were issued as part of the April 18th 2005 private placement.

On March 22nd the company received \$25,000 for 250,000 warrants exercised. 150,000 of warrants were issued as part of the April 18th 2005 private placement. The other 100,000 warrants were issued as part of the September 12th 2005 private placement.

On April 4th the company received \$40,000 for 400,000 warrants exercised. The warrants were issued as part of the April 18th 2005 private placement.

On May 4th the company received \$50,000 for 500,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

On June 9th the company completed a private placement for 5,250,000 shares. This placement raised \$525,000 cash and 200,000 shares were issued as part of the Finder's Fee.

On July 5th the company received \$30,000 for 300,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

On August 16th the company received \$25,000 for 250,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

On September 11th the company received \$44,000 for 440,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

In October the company received \$332,000 in advances for the private placement announced October 3rd 2006 representing 1,660,000 flow-through shares.

CURLEW LAKE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2006

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

Stock option transactions for the respective years and the number of share options outstanding are summarized as follows:

	Number Of Shares	Weighted Average Exercise Price
Balance, January 31, 2005	2,100,000	0.10
Options granted	200,000	0.10
Balance, January 31, 2006	2,300,000	0.10
Options granted	1,000,000	0.10
Balance, October 31, 2006	3,300,000	0.10

Stock options outstanding and exercisable at October 31, 2006 are as follows:

	Number Of Shares	Exercise Price	Expiry Date
Options	1,600,000	\$ 0.10	February 2, 2008
	500,000	\$ 0.10	May 26, 2009
	200,000	\$ 0.10	September 14, 2010
	1,000,000	\$ 0.10	June 21, 2011
	3,300,000		

Stock-based compensation

On June 21, 2006, the Company granted 1,000,000 stock options to Frontier Engineering as part of a consulting agreement. The estimated fair value of these options using the Black-Scholes option-pricing model was \$ 81,751. This amount has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2007	2006
Risk-free interest rate	4.18%	3.46%
Expected life of options	5.0 years	5.0 years
Annualized volatility	171%	140%
Dividend rate	0.00%	0.00%

Warrants

The following warrants to acquire common shares were outstanding at October 31, 2006

Number of Shares	Exercise Price	Expiry Date
3,000,000	0.15	November 25, 2006
1,250,000 (flow-through)	0.15	December 19, 2006
4,250,000		

CURLEW LAKE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2006

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Jan 31 2006	Jan 31 2005
Loss for the year	\$(1,439,069)	\$(209,532)
Expected income tax recovery at statutory rates	(490,722)	(74,635)
Items not deductible for tax purposes	14,922	24,460
Adjustment for change in statutory rates	46,941	61,604
Non-capital loss carry-forward expired	75,579	81,152
Change in valuation allowance	353,280	(92,581)
Actual income tax expense (recovery)	\$ -	\$ -

The Company's future tax assets are as follows:

	Jan 31 2006	Jan 31 2005
Future income tax assets:		
Non-capital loss carry forwards	\$379,374	\$432,198
Capital loss carry forwards	92,199	96,309
Resource properties	949,640	537,995
Equipment	32,089	33,519
	<u>1,453,301</u>	<u>1,100,021</u>
Less: Valuation allowance	<u>(1,453,301)</u>	<u>(1,100,021)</u>
	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$1,112,000 and capital losses of \$540,756. The non-capital losses, if not utilized, will expire commencing in 2006. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital and capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

The company has accumulated non-capital losses for income tax purposes of approximately \$1,112,000. These non-capital losses expire as follows:

2007	\$224,574
2008	\$172,889
2009	\$189,930
2010	\$135,331
2011	\$109,247
2015	\$159,748
2016	\$120,814

CURLEW LAKE RESOURCES INC.
2006 MANAGEMENT'S DISCUSSION AND ANALYSIS
MD&A preparation date December 19th, 2006

Management's discussion and analysis ("MD&A") of the financial condition and results of operations of Curlew Lake Resources Inc. (the "Company"), should be read in conjunction with the consolidated financial statements for quarter ending October 31, 2006. National Instrument Policy 51-102 states the Company is not required to have their Interim Financial Statements reviewed by their auditors. The Company has decided to opt out of external audit review of its Interim Financial Statements. The financial position of the Company dictates this is currently a prudent management decision.

Description of Business

The Company is an oil and natural gas, and precious metals, exploration, development and production company with operations in western Canada and the United States. The Company was incorporated on January 15, 1987, in British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol CWQ as well as the US Pink Sheets under the symbol CWLXF.

Selected Annual Information Discussion

In fiscal year ending January 31, 2006 the Company focused on several projects related to oil, gas and minerals with positive results. In May 2005 the Company signed a Joint Venture agreement with Select Resources Corporation. This resulted in an extensive work program completed on our Typhoon gold property in the summer of 2005. In 2005 the Company also started to receive revenue from the Turner Valley project where 3 gas wells drilled commenced production. In August 2005 the Company announced several initiatives including the acquisition of land in Nevada as well as a new U.S. Pink Sheets listing which has resulted in over 2.4 million shares traded to the date of this report. Curlew Lake also successfully completed the first Oil well in the Fosterton project.

The Company is committed to diversification, including increased focus on new lower risk oil and natural gas development projects. Management feels this will continue to increase shareholder value.

Selected Annual Information

	2006	2005	2004
Total Revenue	\$32,565	\$11,114	\$35,734
Loss before discontinued items, in total	(1,439,069)	(209,532)	(227,829)
Loss before discontinued operations and extraordinary items, on a basic & diluted per share basis	(0.03)	(0.01)	(0.01)
Net Loss Total	(1,439,069)	(209,532)	(227,829)
Net Loss per share (basic & diluted basis)	(0.03)	(0.01)	(0.01)
Total Assets	552,730	1,711,611	1,683,091
Total long-term financial liabilities	156,371	146,061	215,289
Cash dividends declared per-share	-	-	-

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1.4 Results of Operations

Oil and gas sales for the nine months ended October 31, 2006 amounted to \$35,977 compared to \$13,108 for the nine months ended October 31, 2005.

General and administrative expenses during the nine months ended October 31, 2006 totaled \$180,049 compared to \$136,353 during the nine months ended October 31, 2005. This increase was due to an \$81,751 stock-based compensation charge, which was a result of options granted to Frontier Engineering. This item is a non-cash expense. The Company is very pleased that expenses excluding stock-based compensation were 28% below prior year. The Company has worked hard to control G&A expense in the last few years and had Year-to-date 2006 3rd Quarter expenses below \$100,000.

Corporate Focus

On November 8th the Company announced the closing of a flow-through private placement to fund the initial Métis drilling program. Senior executives of Curlew Lake Resources acquired 45% of the total placement. Robert Pincombe, President purchased \$240,000 and David McKee, Chief Financial Officer purchased \$265,000 of the placement at 20 cents per share. These purchases are an indication of the confidence level of the management team in the potential of this project to increase shareholder value significantly.

The primary focus of the Company for this winter season is the Métis Project. The partners have reviewed all available data and conservatively estimate a production rate in the range of 6-10 mmcf/day in total for the first 7 wells. (Approx. 330-550 BOE net to Curlew Lake). The drilling portion of the initial program is expected to take 4-6 weeks to complete. The infill program should provide a further 10-15 mmcf/day (approx. 550-825 BOE net to Curlew Lake). Management feels that even with this conservative estimate share value will increase substantially.

Natural Gas volumes that have been converted to barrels of oil equivalent (BOEs) have been converted on the basis of six thousand cubic feet (mcf) to one barrel (bbl). BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six mcf to one bbl is based on an energy equivalency method and does not necessarily represent value equivalency at the wellhead.

The Company's other project with very large potential to add shareholder value is the Typhoon Gold Project. Exploration work will commence in May/June of 2007 depending on weather conditions. Due to the manpower shortages we encountered in 2006, management has already started to negotiate for firm commitments for geochemical and geological surveys and diamond drilling on the project for 2007.

Operations

Métis Project - Alberta

On June 21st, 2006 Curlew Lake Resources Inc. announced that it has entered into a significant joint venture agreement with Métis Moccasin Resources Inc., a private Alberta Company, and Propel Energy Corp., a private Alberta company. Under this agreement Curlew Lake will have the right to acquire a 47.5% working interest before payout, convertible to 33.33% after payout, in oil and natural gas leases secured by the joint venture partners on Métis Settlement lands. The joint venture plans to continue acquiring oil and natural gas leases on Métis Settlement lands. Métis Settlement Lands in Alberta include a total of 17 Townships (36 square miles per Township), within the eight Settlements on the Lands.

Métis Moccasin Resources has successfully completed the acquisition of an initial 10 sections (6400 acres) of oil and natural gas leases on the Kikino Métis Settlement lands northeast of Edmonton, Alberta. The leases purchased are considered prime Alberta Oil and Gas property, surrounded by shallow natural gas production. Production in this area comes from up to 4 horizons, and provides the joint venture with the potential for substantial low risk shallow natural gas production. The initial operator of the project will be Métis Moccasin Resources Inc., with Frontier Engineering and Consulting Limited of Calgary to be retained as contract operator. It is expected that a multi well drilling program will commence in January 2007.

Management of Curlew Lake Resources Inc. believes that being involved in the Métis Moccasin joint venture provides the potential to add significantly to shareholder value, while at the same time providing substantial benefit to the Métis Settlements and people.

The Company has completed a private placement to fund its share of the initial land acquisition, consisting of \$525,000 for 5,250,000 common shares in the Company. The Company has entered into a consulting agreement with Frontier Engineering and Consulting Ltd. Of Calgary, and as a condition of this agreement Frontier Engineering and Consulting Ltd. has been granted an option to purchase one million shares in the Company for the price of \$0.10 per share for a period of 5 years.

Exploration Program

The partnership plans to drill 7 initial wells and complete an extensive seismic program. The partners have reviewed the available data and conservative estimates project a production rate in the range of 6-10 mmcf/day in total for the first 7 wells. With a 30 well infill program the first 10 sections (6400 acres) could provide a total of 20-25 mmcf/day. Frontier Engineering has provided a work schedule covering the first phase of operations. Drilling is expected to begin in the next 4-6 weeks. The drilling portion of the initial program will take about 4-6 weeks to complete. The plans provide for the initial wells to be in production in the first half of 2007.

Reconciliation of Proposed & Actual Expenditures

Budgeting and planning for this program has commenced. The company has fulfilled the current obligations of the initial cash call. The company has completed financing for this drilling program.

Exploration Results

This project has commenced. Drilling is expected in the next 4-6 weeks.

Future Developments

Operations are ongoing. The Company is committed to a long-term Métis partnership.

Turner Valley Oil Project - Calgary, Alberta

The Company holds various interests in certain petroleum and natural gas leases. During the 2002 fiscal year, the Company signed farm out agreements on portions of the leases with three separate parties whereby the Company has retained royalty and/or working interests. The Company holds various interests, averaging about 4.375%, in certain petroleum and natural gas leases. The Company is in a non-operator position on all leases in this area. Pre-payout royalty income has now commenced from two of four Company interest wells.

Exploration Program

The Company has announced plans to participate in the drilling of a development well on the underlying gas reserves on Section 20 in Township 22, Range 3, west of the fifth meridian, just south of Calgary, Alberta. The operator of the southeast and northwest quarters of Section 20 report they have commenced the licensing process for a well with a target spud date in 2007. The Company has a 4.375% working interest in the southeast and northwest quarter of Section 20, which will convert to a 2.1875% working interest in the 640-acre Section 20 spacing unit (subject to pooling).

Reconciliation of Proposed & Actual Expenditures

Budgeting and planning for this program has not yet commenced. The Company expects to have a preliminary program timeline and budget established in 2007.

Exploration Results

Four wells have been successfully drilled and tested on Company interest lands in this area. Three of the four wells are currently producing. The 4th well has been successfully tested and will be readied for production as soon as an adjoining well has been deepened and the required pipeline constructed.

Future Developments

Operations are ongoing. The Company is committed to the long-term exploration of the Turner Valley project.

Fosterton Project, Fosterton, Saskatchewan

The Fosterton project is located in Saskatchewan and presents good potential offsetting existing production. The primary target, the Rosary Sand, located at a depth of about 3,300 feet, is well-developed porous and permeable sand and is the producing horizon in the Fosterton field. The farm out land consists of 320 acres offsetting the Fosterton field. Wells can be drilled on 40 acre spacing with the present seismic feature supporting several offset locations. Cumulative production at the analogous Fosterton Field varies with the best well producing over 300,000 barrels of oil. The seismic work completed suggests a multiple well project.

Exploration Program

The initial well is now on production and the operator plans to install a pump in early 2007. Once this is completed and the operation stabilizes, production results will be released. The well was tested in May 2006 at rates as high as 167 barrels of medium gravity oil per day.

Reconciliation of Proposed & Actual Expenditures

The company has fully participated in the well to maintain its 25% of the project.

Exploration Results

On May 23rd, 2006 Curlew Lake Resources Inc. announced that the initial well on the Fosterton Project in Saskatchewan had been successfully tested and completed. The Fosterton 13-30 well, in which Curlew has a 25% working interest before payout, flowed at an average rate of 167 barrels of medium gravity oil per day with no formation water. The test was conducted over a 4 day period, with an average 13/16-inch choke, 912 KPA tubing pressure and 3,072 KPA casing pressure.

Future Developments

Curlew Lake is hopeful follow-up wells will be planned for 2007 depending on the results of the planned 3-D seismic.

White Pine Project, Nevada, U.S.A.

The Company acquired lease rights for a new oil well project called "White Pine" located in White Pine County, Nevada. This property presents good potential near current exploration activity. The agreement gives the Company a 100% working interest in the lease and subsequent wells subject to a 7.5% royalty to vendors and U.S. BLM Land Royalty of 12.5% (a 80% net revenue lease). The Company is in the process of gathering additional information on the land. If the initial test well is successful the Company has agreed to pay a one-time fee of \$100,000 U.S. for a well that achieves sustained production over 1000 barrels of oil per day (BOPD), or \$50,000 if under 1000 BOPD, within 90 days of well production commencement. The primary target, located at a depth of 3,500 feet, in the Middle Devonian Simonson Formation, has been known for several major producing fields, including Blackburn and Grant Canyon, with one well alone producing approximately 4000 barrels a day for ten years and over 15 million barrels of oil from inception to date. The White Pine project consists of 937 acres.

Management will follow an ongoing drill program near the Company property closely. The Company feels this provides a high potential opportunity dependant on the results of the nearby exploration work.

Exploration Program

The Company is currently analyzing the feasibility of this program.

Reconciliation of Proposed & Actual Expenditures

Budgeting and planning for this program has not yet commenced. The Company is currently reviewing information and expects to have a decision on the program prior to the end of the current fiscal year.

Exploration Results

The Company has not completed an exploration program on this property.

Future Developments

The Company is currently analyzing the feasibility of this program.

Antelope Valley Project, Nevada, U.S.A.

In August 2005 Curlew Lake Resources acquired a 100% working interest in 11,590 acres (over 18 square miles) of oil and natural gas lease rights in the Antelope Valley area of Eureka County, Nevada. The leases were purchased from Royalon Prospection, headed by Michael Walker of Vancouver, B.C.; who acquired the leases from the BLM after extensive investigation of the area. The 100% working interest is subject to BLM and Vendor royalties of 20%, resulting in 80% net revenue leases.

Exploration Program

The Company is currently analyzing the feasibility of this program.

Reconciliation of Proposed & Actual Expenditures

Budgeting and planning for this program has not yet commenced. The Company is currently reviewing information and expects to have a decision on the program prior to the end of the current fiscal year.

Exploration Results

The Company has not completed an exploration program on this property.

Future Developments

The Company is currently analyzing the feasibility of this program.

Clear Creek Mineral Project, Yukon

The Company controls a 100% interest in the Typhoon mineral claims located in the Clear Creek District of the Yukon. There are a total of 98 claims an area covering about 4400 acres. The property acquired is in an area where geochemical surveys and placer mining had shown interesting values in gold and silver. The property is readily accessible via a good road connecting to the Klondike Highway some 85 kilometers southeast of Dawson City.

Reconciliation of Proposed & Actual Expenditures

In the 2003 fiscal year, the Company entered into an option agreement with the Kingfisher Syndicate ("Kingfisher") to acquire a 100% interest in mineral claims in the Clear Creek District of the Yukon. Curlew Lake has fulfilled all obligations under the original agreement. An amended agreement dated May 11, 2005 resulted in the 10% Net Proceeds of Production Royalty being changed to a 2% Net Smelter Royalty, of which 1% may be purchased by the Company at any time in the future for the price of \$600,000, in cash or shares.

On May 12th & September 19th 2006 the Company announced that it has arranged with a private investor whereby the private investor may earn a combined total 2% NSR in the Typhoon gold project in the Clear Creek area, Dawson Mining District, Yukon Territories. These arrangements will provide the required funds to complete the drilling program announced on May 9th. The property is controlled 100% by Curlew Lake, and will now be subject to a 4% NSR, 1% of which may be purchased at any time for \$600,000 in cash or shares and an additional 2% which may be purchased at any time for \$1,000,000 in cash. The funds received have been presented as a deferred drilling advance with the remaining proceeds reducing the property value to a nominal rate and the balance being included in other income.

Exploration Results

Excerpts from the 2006 Select Report:

TYPHOON PROJECT CLEAR CREEK MINING DISTRICT, YUKON TERRITORY

Prepared by:

Harold J. Noyes, Odin D. Christensen, Jeffrey A. Jaacks, Sandra L. Perry,
Craig W. Beasley, and Cinda Graubard.

SUMMARY

The Typhoon project is an early-stage gold exploration project of Select Resources Corporation. The project is located in the Clear Creek mining district in the central Yukon Territory, Canada. Select Resources controls, through staking or leases, mineral rights to 98 Yukon quartz claims covering 17.8 square kilometers. The property is on the west bank of Left Clear Creek and covers 65 Pup Creek; historically, both drainages have been worked for placer gold. The property is exceptionally well situated for exploration and mineral development.

The Typhoon property is situated within the Tintina Gold Belt to the north of the Tintina fault zone in the Selwyn Basin. Bedrock consists of phyllite and quartzite of the Late Proterozoic-Cambrian Hyland Group. Numerous lode gold deposits occur immediately to the east of Typhoon in the Clear Creek mining district. These are all intrusion-related gold deposits associated with mid-Cretaceous intermediate plutons and stocks of the Mayo plutonic suite.

Clear Creek Mineral Project, Yukon (Cont'd)

Although placer gold has been produced from Left Clear Creek for at least a century, there was no systematic exploration of the Typhoon property prior to 2004. The 2005 exploration program of Select Resources integrated a multidisciplinary review of available public information, geological field review, satellite image interpretation, soil geochemistry and ground geophysics.

Outcrop on the property is sparse; little can be learned from traditional prospecting. Satellite image interpretation suggests that the Typhoon property lies along the structural margin of an intrusive mass that underlies the entire Clear Creek district and is possibly the source of the known lode and placer gold deposits.

During 2005, Select Resources completed grid soil geochemical and ground magnetic surveys. Soil samples were collected on a 50x200 meter spaced, north-south oriented, grid covering an area of about 3.7 square kilometers. The 398 samples collected were analyzed for gold and 32 additional elements. Ground magnetic measurements were collected on the same grid lines at a 12.5 meter spacing.

Data from soil geochemical surveys completed in 2004 and 2005 show coincident and coherent anomalies in element suites characteristic of intrusion-related gold deposits. The element suite Au+As+Bi+Sb+W+U is anomalously enriched and forms a ring-shaped feature, which is cored by anomalously enriched Mo and crosscut by linear enrichments of Au+Mo+Bi. The anomalous Mo is interpreted to be related to Mo-rich veins developed over the core of a buried intrusive. This part of the system also has linear features, which suggest sheeted quartz veins with Au+Mo+Bi (gold, molybdenum, and bismuthinite) oriented in NE- and NW-trending directions within the underlying intrusive. The surrounding ring-shaped Au+As+Sb+W+Bi enrichment is interpreted to be characteristic of gold-bearing vein sets developed in hornfels surrounding the intrusive system.

Three-dimensional modeling of the ground magnetic data defines a magnetic anomaly situated precisely beneath the surface geochemical anomaly. The core of the 3-D model is dominated by non-magnetic material interpreted as a Mayo Suite mid-Cretaceous intermediate-composition intrusive. In places, the margin of this inferred intrusive is flanked by steeply dipping zones of elevated magnetic susceptibility interpreted as zones of hornfels.

These inferred zones of hornfels appear to be structurally controlled, correlate closely with the overlying soil geochemical enrichments, and are the primary target areas for steeply dipping, sheeted gold-bearing quartz veins.

The mineralization model considered most applicable in this terrane is the Intrusion-Related Gold Deposit model. All of the exploration data reviewed and developed by the Select Resources technical team during 2005 are consistent with this model. Recommendations for future exploration are presented.

No economic lode gold mineralization has been discovered on the Typhoon property yet. To the authors' knowledge, no testing of bedrock materials for metallurgical characterization has been conducted for the Typhoon prospect. We are aware of no petrographic or mineralogical examination of materials from the property.

Placer gold has been recovered from Left Fork of Clear Creek and 65 Pup along the margins of the claim block.

INTERPRETATION AND CONCLUSIONS

The Typhoon project is an early-stage gold exploration project of Select Resources Corporation. The property is located in the Clear Creek district of the Dawson City Mining District in the central Yukon Territory. The initial claims in the Typhoon claim group were located presumably because of proximity to placer gold occurrences in Left Clear Creek and 65 Pup Creek.

Outcrop on the property is sparse. From these limited exposures, clasts found in drainages on the property, and geophysical information, it seems that the entire claim is underlain by metamorphic rocks of the Hyland Group, dominantly phyllite and quartzite. There is some evidence for an east-west fault following the course of 65 Pup Creek.

Integrated interpretation of satellite imagery, soil geochemistry and ground magnetic geophysical data provide strong evidence that the property is underlain by intrusive rocks and suggest potential for discovery of an intrusion-related gold deposit. Satellite image interpretation suggests that the Typhoon property lies along the structurally

Clear Creek Mineral Project, Yukon (Cont'd)

controlled margin of an intrusive mass that underlies the entire Clear Creek district, and is possibly the source of the known lode and placer gold deposits.

Data from soil geochemical surveys completed in 2004 and 2005 show coincident and coherent anomalies in two suites of elements characteristic of intrusion-related gold deposits. The element suite Au+As+Bi+Sb+W+U is anomalously enriched and forms a ring-shaped feature which is cored by anomalous Mo and crosscut by linear enrichments of Au+Mo+Bi. The anomalously enriched Mo is interpreted as Mo-rich veins developed over the core of a buried intrusive. This part of the system also has linear features, which would suggest sheeted quartz veins with Au+Mo+Bi (gold, molybdenum, and bismuthinite) oriented in NE- and NW-trending directions within the intrusive. The enrichment of gold and the element suite Au+As+Sb+W+Bi - the diagnostic chemical signature of intrusion-related gold deposits - suggests the underlying presence of gold-bearing vein sets developed in hornfels surrounding an intrusive body. The absolute values of gold enrichment are lower than encountered over other intrusion-related gold deposits; this is not unexpected considering the non-reactive character of the host Hyland group rocks.

Three-dimensional modeling of the ground magnetic data defines a magnetic anomaly situated precisely beneath the surface geochemical anomaly. The core of the 3-D model is dominated by non-magnetic material interpreted as a Mayo Suite mid-Cretaceous intermediate-composition intrusive. In places, the margin of this inferred intrusive is flanked by steeply dipping zones of elevated magnetic susceptibility interpreted as zones of hornfels.

These inferred zones of hornfels appear to be structurally controlled, correlate closely with the overlying soil geochemical enrichments, and are the primary target areas for steeply dipping, sheeted gold-bearing quartz veins.

The mineralization model considered most applicable in this terrane is the Intrusion-Related Gold Deposit model. Indeed this model was first developed to describe the spectrum of gold deposits and prospects within the Tintina Gold Belt.

Integrated interpretation of the geologic setting, satellite imagery, soil geochemistry and geophysics suggests a quite reasonable probability that the eastern portion of the Typhoon property is underlain by an intrusive body with elevated content of gold and associated elements.

RECOMMENDATIONS

The Typhoon property presents a most intriguing exploration target. While the absolute values obtained in the soil geochemical survey is low, the element association and the spatial distribution of the element enrichments present strong evidence for the presence of an underlying intrusive body enriched in gold and associated elements. This is supported by three-dimensional modeling of the ground magnetic data.

Future exploration of the property can follow either of two strategies: (1) continue to acquire more exploration information for better target definition, or (2) trust the data we have and put the target to a drill test.

For the more conservative approach, we recommend:

(1) Execute an auger soil geochemical survey, with ground magnetic measurements at the same stations, over the four tiers of new claims to the north and south of the older claims. The survey will cover about 6 square kilometers on a 50x200 meter grid.

(2) Redo the soil geochemical survey, with ground magnetic survey, over the original 16 claims that had the poor prior geochemical coverage. This portion of the geochemical survey will cover 3.5 square kilometers on a 50x200 meter grid.

The more decisive approach will be to put the concept and target to a drill test. We suggest a minimum of three holes at 300-400 meters depth each. There must be a geologist on the drill to monitor the progress of the holes - to cut them if there is no evidence of veining, hornfels, or alteration, or to extend them if they hit ore. If drilling provides encouragement, the soil and ground magnetic work previously described should be completed. Ideally the drill test would be with diamond core; however in the interest of economy, reverse-circulation percussion drilling would adequately test for the presence of economic gold grades.

Clear Creek Mineral Project, Yukon (Cont'd)

Future Developments

The company is in discussions with our consultants to ensure that men and equipment are available to carry out an extensive exploration program on our Yukon Gold Project in 2007. The program will include extending our geochemical coverage to cover new geophysical anomalies located in 2006, new geophysical surveys, and an expanded diamond-drilling program. Details will be announced early in 2007.

EKHO Project, California, USA

In 1999, the Company entered into a Participation Agreement and a Joint Operating Agreement with Tri-Valley Oil and Gas ("TVOG") concerning TVOG's EKHO Project located in the San Joaquin Valley, Kern County, California, US.

Exploration Program

The Company continues to monitor the progress of the EKHO No. 1 well. As previously announced the Company has agreed to terms which would provide the Company with a .33% Gross Overriding Royalty in the EKHO No. 1 well, with respect to all potential zones.

Reconciliation of Proposed & Actual Expenditures

The Company is no longer financially responsible for any additional costs to complete its share of this project.

Exploration Results

The operator is currently exploring all options in an attempt to successfully produce the EKHO No. 1 well.

Future Developments

Operations are ongoing. The Company will update shareholders as information becomes available.

Forum Prospect - Los Angeles County, California

The Company retains a 5.5% working interest in the Forum Prospect in the City of Inglewood, California. The operator has advised that they will re-activate the project following the establishment of sufficient corporate cash flow.

Reconciliation of Proposed & Actual Expenditures

This program is currently on hold with no proposed or projected expenditures for the current fiscal year.

Exploration Results

This program is currently on hold with no proposed or projected expenditures for the current fiscal year.

Future Developments

This program is currently on hold with no proposed or projected expenditures for the current fiscal year.

Summary of Quarterly Results
Curlew Lake Resources Inc.
Statement of Loss and Deficit
(Unaudited – prepared by management)

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 Comp.
	2004	2005	2005	2005	2005	2006	2006	2006	06 vs. 05
INCOME									
Petroleum and natural gas sales, net	3,893	240	254	12,614	19,457	10,390	10,894	14,693	2,079
EXPENSES									
Amortization & Depletion	11,292	-	-	-	20,842	-	-	-	-
Interest and Bank Charges	2,474	675	405	240	46	135	111	96	(144)
Management fees	15,000	15,000	15,000	15,000	15,000	7,500	7,500	7,500	(7,500)
Office and Miscellaneous	1,370	(1,111)	3,036	2,268	1,463	515	653	388	(1,880)
Consulting & Professional fees	16,050	3,511	9,412	1,960	12,205	1,323	6,235	-	(1,960)
Regulatory and transfer agent fees	5,681	12,224	6,745	3,510	4,313	6,534	9,640	3,611	101
Rent	(1,038)	2,586	1,418	1,788	1,080	1,020	980	1,021	(767)
Royalties Paid	16,780	-	-	-	-	-	-	-	-
Stock-based compensation	17,000	-	-	-	13,149	-	81,751	-	-
Telephone	2,662	1,452	1,692	2,075	1,488	1,280	1,746	2,800	725
Travel and Promotion	1,535	772	2,644	51	42	1,644	4,036	2,530	2,479
Wages and benefits	12,000	12,000	12,000	10,000	12,000	10,500	8,500	10,500	500
Write-down/recovery of oil and gas properties	(32,887)	-	-	-	1,253,653	-	-	-	-
Total Operating Expense	67,919	47,109	52,352	36,892	1,335,281	30,451	121,152	28,446	(8,446)
Loss before other items	(64,026)	(46,869)	(52,098)	(24,278)	(1,315,824)	(20,061)	(110,258)	(13,753)	10,525
OTHER ITEMS									
Extraordinary items	-	-	-	-	-	-	167,313	549	549
Quarter Loss	(64,026)	(46,869)	(52,098)	(24,278)	(1,315,824)	(20,061)	57,055	(13,204)	11,074

1.6 Liquidity and Solvency

At October 31, 2006, the Company had working capital of \$442,587. In the short term, the Company will be using the funds for initial work on the Métis project as well as the 2007-drilling program in the Yukon. Outside of these projects the Company will be relying on private placement funding. The Company is in preliminary discussions with investors to fund further exploration projects. However, there is no guarantee the Company will be able to raise these funds.

1.9 Related Party Transactions

There are currently no related party liabilities. The Company entered into the following transactions with related parties: a) Paid or accrued management fees of \$7,500 (2005 - \$15,000) to a company controlled by a director. b) Paid or accrued fees of \$6,000 (2005 - \$6,000) to a director. c) Paid or accrued interest expense of \$0 (2005 - \$0) to a company controlled by a director on amounts due to a related party. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

General and Administrative

The Company has focused on lowering expenses on routine items. Management of the Company does not foresee any significant change to the yearly administrative expenditures during the coming year. However, should the Company not receive the required funding, the Company will review all on-going expenditures and take appropriate action. (See liquidity and solvency above).

Investor Relations

The Company had no arrangements with an independent investor relation consultant during the quarter ended October 31, 2006.

Subsequent Events

On November 23, 2006 the Company announced it had closed its private placement of 5,600,000 units at \$0.20 per unit for gross proceeds of \$1,120,000. Each unit is comprised of one flow-through common share of the Company, and one-half share purchase warrant with each full warrant entitling the Subscriber to acquire an additional flow-through common share at a price of \$0.30 per share, exercisable at any time up to November 22, 2007. The securities are subject to a four-month hold period in accordance with regulatory policies ending March 23, 2007. A finder's fee of \$16,800 was paid to Haywood Securities Inc. Funds will be used for drilling the first 7 wells on the Métis Project.

Commitments

The following details the agreement between Curlew Lake Resources Inc. and Aidan Capital Management. Aidan Capital will provide the following:

- a.) US SEC Form 20-F filing support
- b.) US Market Sponsor for Curlew Lake Resources Inc.-CWQ (Required for OTC BB Listing)
- c.) Market Makers to support Curlew Lake Resources - CWQ (Required for OTC BB Listing)

In return Curlew Lake Resources will provide the following:

- a.) Control of Curlew Resources Corporation -CRC (A wholly owned subsidiary with no asset value)
- b.) Aidan Capital will use Curlew Resource Corporation (CRC) to go public in the US with assets Aidan Capital Management rolls into Curlew Resources Corp.- CRC.

After the split Curlew Lake Resources- CWQ will have a 15% interest in Curlew Resource Corp. This agreement in no way impacts Curlew Lake Resources Inc. assets with the exception of the gain of 15% of any and all properties rolled into Curlew Resource Corp- CRC by the Aidan Capital Management Group.

CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number Of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common shares without par value			
As at January 31, 2004	37,529,526	\$11,322,753	\$72,451
Issued for cash under private placements	6,000,000	300,000	
Exercise of warrants for cash	150,000	15,000	
Stock-based compensation	-	-	22,660
As at January 31, 2005	43,679,526	11,637,753	95,111
Issued for cash under private placements	2,150,000	138,500	
Issued for cash under flow-through share offering	1,250,000	100,000	
Issued for Yukon property agreement	200,000	10,000	
Stock-based compensation	-	-	13,149
As at January 31, 2006	47,279,526	11,886,253	\$108,260
Issued for cash under private placements	5,250,000	525,000	
Finder's Fee for private placement	250,000	-	
Exercise of warrants for cash	2,150,000	215,000	
Share subscription advances	1,660,000	332,000	
Share issue costs	-	(33,370)	
Stock-based compensation	-	-	81,751
As at October 31, 2006	56,589,526	\$12,924,883	\$190,011

On March 1st the company received \$5,000 for 50,000 warrants exercised. The warrants were issued as part of the April 18th 2005 private placement.

On March 22nd the company received \$25,000 for 250,000 warrants exercised. 150,000 of warrants were issued as part of the April 18th 2005 private placement. The other 100,000 warrants were issued as part of the September 12th 2005 private placement.

On April 4th the company received \$40,000 for 400,000 warrants exercised. The warrants were issued as part of the April 18th 2005 private placement.

On May 4th the company received \$50,000 for 500,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

On June 9th the company completed a private placement for 5,250,000 shares. This placement raised \$525,000 cash and 200,000 shares were issued as part of the Finder's Fee.

On July 5th the company received \$30,000 for 300,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

On August 16th the company received \$25,000 for 250,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

On September 11th the company received \$44,000 for 440,000 warrants exercised. The warrants were issued as part of the September 12th 2005 private placement.

In October the company received \$332,000 in advances for the private placement announced October 3rd 2006 representing 1,660,000 flow-through shares.

CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

Stock option transactions for the respective years and the number of share options outstanding are summarized as follows:

	Number Of Shares	Weighted Average Exercise Price
Balance, January 31, 2005	2,100,000	0.10
Options granted	200,000	0.10
Balance, January 31, 2006	2,300,000	0.10
Options granted	1,000,000	0.10
Balance, October 31, 2006	3,300,000	0.10

Stock options outstanding and exercisable at October 31, 2006 are as follows:

	Number Of Shares	Exercise Price	Expiry Date
Options	1,600,000	\$ 0.10	February 2, 2008
	500,000	\$ 0.10	May 26, 2009
	200,000	\$ 0.10	September 14, 2010
	1,000,000	\$ 0.10	June 21, 2011
	<u>3,300,000</u>		

Stock-based compensation

On June 21, 2006, the Company granted 1,000,000 stock options to Frontier Engineering as part of a consulting agreement. The estimated fair value of these options using the Black-Scholes option-pricing model was \$ 81,751. This amount has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2007	2006
Risk-free interest rate	4.18%	3.46%
Expected life of options	5.0 years	5.0 years
Annualized volatility	171%	140%
Dividend rate	0.00%	0.00%

Warrants

The following warrants to acquire common shares were outstanding at October 31, 2006

Number of Shares	Exercise Price	Expiry Date
3,000,000	0.15	November 25, 2006
1,250,000 (flow-through)	0.15	December 19, 2006
<u>4,250,000</u>		