

ELECTRA GOLD LTD.

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2006



INTERIM BALANCE SHEET

	AS AT	
	March 31 2006	December 31 2005
		(Audited)
ASSETS		
Current		
Cash	\$ 236,291	\$ 186,874
Receivables	91,319	172,197
Inventory	<u>52,500</u>	<u>52,500</u>
	380,110	411,571
Reclamation bond	50,000	50,000
Equipment (Note 4)	394,860	424,553
Mineral properties (Note 5)	<u>605,618</u>	<u>636,112</u>
	\$ 1,430,588	\$ 1,522,236
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	\$ 251,647	\$ 198,018
Royalties payable	-	28,644
Loan payable (Note 6)	442,201	467,773
Due to related parties (Note 2, 7)	<u>122,495</u>	<u>99,895</u>
	816,343	794,330
Royalties payable (Note 8)	<u>129,416</u>	<u>118,002</u>
	<u>945,759</u>	<u>912,332</u>
Shareholders' equity (deficiency)		
Share capital (Note 3)	13,233,589	13,233,589
Contributed surplus (Note 3)	459,376	450,188
Deficit	<u>(13,208,136)</u>	<u>(13,073,873)</u>
	<u>484,829</u>	<u>609,904</u>
	\$ 1,430,588	\$ 1,522,236

Basis of presentation and continuance of operations (Note 1)

Subsequent events (Note 9)

On behalf of the Board:

"Johan Shearer" Director _____
"Douglas Stelling" Director

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

Prepared without review or audit



INTERIM STATEMENT OF OPERATIONS AND DEFICIT

FOR THE THREE MONTHS ENDED

	March 31 2006	March 31 2005
SALES	\$ 425,276	\$ 616,852
COST OF SALES		
Cost of production	360,615	390,779
Royalties	45,656	45,986
Depletion	3,694	4,350
	<u>409,965</u>	<u>441,115</u>
GROSS PROFIT	<u>15,311</u>	<u>175,737</u>
EXPENSES		
Amortization	29,693	21,431
Consulting and financing fees	41,623	40,696
Filing fees	5,911	6,524
Management fees	12,800	10,800
Office and general	27,326	9,168
Professional fees	11,880	7,095
Property investigation expenses	11,153	10,654
Stock-based compensation	9,188	-
	<u>149,574</u>	<u>106,368</u>
Net (Loss) Income for the period	(134,263)	69,369
Deficit, beginning of period	<u>(13,073,873)</u>	<u>(12,946,681)</u>
Deficit, end of period	<u>(13,208,136)</u>	<u>(12,877,312)</u>
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	23,516,083	19,145,801

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

Prepared without review or audit



INTERIM STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED

	March 31 2006	March 31 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) Income for the period	\$ (134,263)	\$ 69,369
Items not affecting cash:		
Amortization	29,693	21,431
Accrued interest on loan payable	8,668	-
Future income tax recovery	-	-
Loan repayment deducted from sales	(34,240)	-
Stock issued for finance fee	-	-
Stock-based compensation	9,188	20,000
Depletion	3,694	4,350
Accrued long-term royalties	11,414	11,496
Changes in non-cash working capital items:		
Decrease in receivables	80,878	118,906
Royalties payable	(28,644)	-
Due to related parties	22,600	-
Increase (decrease)Accounts payable and accrued liabilities	<u>53,629</u>	<u>(255,067)</u>
Net cash provided (used) in operating activities	<u>22,617</u>	<u>(9,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Option payment from mineral properties	40,000	20,000
Deferred expenses from mineral properties	(13,200)	
Purchase of Equipment	<u>-</u>	<u>(183,776)</u>
Net cash used in investing activities	<u>26,800</u>	<u>(163,776)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (repayments to) related parties	-	1,728
Note payable	<u>-</u>	<u>206,380</u>
Net cash provided by financing activities	<u>-</u>	<u>208,108</u>
Change in cash during the period	49,417	34,817
Cash, beginning of period	<u>186,874</u>	<u>57,965</u>
Cash, end of period	<u>\$ 236,291</u>	<u>\$ 92,782</u>

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

Prepared without review or audit



INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

1. BASIS OF PRESENTATION AND CONTINUANCE OF OPERATIONS

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

The Company is in the process of developing its mineral properties and is in the start-up phase of commercial production. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	March 31 2006	March 31 2005
Working Capital	(436,233)	(132,156)
Deficit	(13,208,136)	(12,877,312)

2. DUE TO RELATED PARTIES

As at March 31, 2006 a total of \$122,495 (December 2005 - \$99,895) is payable to directors for fees, royalties and expenses. These outstanding amounts payable are unsecured and non-interest bearing with no fixed terms of repayment. The fair value of the debt is not determinable as it has no repayment terms.



INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

3. SHARE CAPITAL

	Number of Shares	Share Capital \$	Contributed Surplus \$	Total \$
Authorized				
100,000,000 common shares without par value				
Issued				
Balance as at December 31, 2003	18,230,049	12,542,074	350,291	12,892,365
Exercise of warrants	750,000	112,500	-	112,500
Private placement	447,200	111,800	-	111,800
Stock-based compensation	-	-	2,000	2,000
Balance as at December 31, 2004	19,427,249	12,766,374	352,291	13,118,665
Shares issued in settlement of debt	975,334	252,047	-	252,047
Exercise of stock options	50,000	7,000	(2,000)	5,000
Shares issued for finance fees	176,000	21,120	-	21,120
Private placement at \$0.08 per share	1,637,500	131,000	-	131,000
Private placement at \$0.08 per share	1,250,000	100,000	-	100,000
Finders' fees for private placement				
Cash	-	(10,000)	-	(10,000)
Agent's warrants	-	(4,792)	4,792	-
Renounced flow through share expenditures	-	(29,160)	-	(29,160)
Stock-based compensation	-	-	95,105	95,105
Balance as at December 31, 2005	23,516,083	13,233,589	450,188	13,683,777
Stock-based compensation			9,188	9,188
Balance as at March 31, 2006	23,516,083	13,233,589	459,376	13,692,965

During the year ended December 31, 2005, 50,000 stock options were exercised at a value of \$5,000 which the Company offset from \$5,000 in accounts payable and accrued liabilities for a director of the Company. As a result, \$2,000 was reallocated to capital stock from contributed surplus.

During the year ended December 31, 2005 the Company provided a \$110,000 irrevocable letter of credit as a condition of approval to a Work System and Reclamation Program Permit issued by B.C. Ministry of Energy and Mines (Note 4). This security was provided by directors, officers and certain other associates of these related parties in consideration for the issuance of 176,000 shares, which have been valued at \$21,120.

On December 15, 2005, pursuant to a Private Placement Agreement, the Company issued 1,250,000 units at \$0.08 per unit for total proceeds of \$100,000. Each unit consisted of one share purchase warrant, entitling the holder, on exercise, to purchase one common share at a price of \$0.10 until December 15, 2006. Finders' fees included the Company paying \$10,000 and issuing 125,000 agent's warrants exercisable into additional common shares at \$0.10 per share until December 15, 2006. The agent's warrants have been recorded at a fair value of \$4,792.



INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

3. SHARE CAPITAL (cont'd...)

On November 28, 2005 pursuant to a Private Placement Agreement, the Company issued 1,637,500 flow-through units at \$0.08 per unit for total proceeds of \$131,000. Each flow-through unit consisted of one flow-through share and a non flow-through warrant. One non flow-through warrant will entitle the holder, on exercise, to purchase one common share at a price of \$0.10 to November 28, 2006.

On January 24, 2005, the Company issued 975,334 common shares pursuant to debt settlement agreements with a director and a company controlled by a directly for the settlement of \$252,047 of indebtedness.

Flow-through shares

In accordance with accounting recommendations relating to the issuance of flow-through shares, the Company reduced from flow-through share proceeds assigned to share capital and recognized as a future tax liability, the estimated tax effect of the timing difference resulting from renouncing exploration expenditures using currently enacted tax rates and laws.

Concurrently the Company recognized a future income tax recovery from the utilization of available tax losses of prior periods to offset the future tax liability recognized. The Company has not previously recognized tax benefits relating to losses of prior periods as the criteria for recognition has not been met.

Stock options

The Company follows the policies of the TSX Venture Exchange (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 shares of the Company. Under the policies, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

Stock options transactions are summarized as follows for the period ended March 31, 2006 and December 31, 2005:

On January 19, 2006, the Company entered into a six month term letter of understanding with for consulting services, whereby the Company will compensate the consultant by the issuance of 470,522 stock options, issued at \$0.15 each, an exercise price of \$0.10 each and expire on March 27, 2008.

	2006		2005	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	1,550,000	\$ 0.10	1,350,000	\$ 0.10
Granted	470,522	0.10	1,550,000	0.10
Exercised	-	0.10	(50,000)	0.10
Expired	-	0.10	(1,300,000)	0.10
Outstanding, end of year	2,020,522	\$ 0.10	1,550,000	\$ 0.10
Exercisable, end of year	1,292,630	\$ 0.10	1,175,000	\$ 0.10



INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

3. **SHARE CAPITAL** (cont'd...)

The following table summarizes the Company's stock options outstanding at March 31, 2006 and December 31, 2005:

2006		
Number	Exercise Price	Expiry Date
470,522	\$ 0.10	March 27, 2008
500,000	\$ 0.10	November 1, 2006
400,000	\$ 0.10	January 6, 2007
200,000	\$ 0.12	April 15, 2007
450,000	\$ 0.10	April 27, 2007

Stock-based compensation

The total stock-based compensation recognized in the period ended March 31, 2006 was \$9,188 ,(December 31, 2005 - \$95,105), of which \$Nil (2005 - \$85,917) was recorded as stock-based compensation for stock options granted to directors and employees, and \$9,188 (2005 - \$9,188) was recorded as consulting and financing fees for stock options granted to consultants.

The following weighted-average assumptions were used for the Black-Scholes option pricing valuation of stock options granted during the period ended March 31, 2006 and the year ended December 31, 2005:

	2006	2005
Risk-free interest rate		3.47%
Expected life of options		1.08 years
Annualized volatility		200%
Dividend rate		0.0%

Warrants

Warrant transactions are summarized as follows for the period ended March 31, 2006 and December 31, 2005:

	2006		2005	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	3,012,500	\$ 0.10	447,200	\$ 0.35
Granted	-	0.10	3,012,500	0.10
Exercised	-	0.10	-	0.10
Expired	-	-	(447,200)	0.35



INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

Outstanding, end of period	3,012,500	\$	0.10	3,012,500	\$	0.10
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3. **SHARE CAPITAL** (cont'd...)

The following table summarizes the Company's warrants outstanding for the period ended March 31, 2006:

2006		
Number	Exercise Price	Expiry Date
1,637,500	\$ 0.10	November 28, 2006
1,375,000	\$ 0.10	December 15, 2006

4. **EQUIPMENT**

	March 31 2006			December 31 2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 8,288	\$ 5,559	\$ 2,729	\$ 8,288	\$ 5,338	\$ 2,950
Trailers	109,332	27,680	81,652	109,332	23,382	85,950
Trucks	<u>376,327</u>	<u>65,848</u>	<u>310,479</u>	<u>376,327</u>	<u>40,674</u>	<u>335,653</u>
	\$ 493,947	\$ 99,087	\$ 394,860	\$ 493,947	\$ 69,394	\$ 424,553

During the year ended December 31, 2005 the Company acquired two trucks at a cost of \$376,327 which was financed by way of a loan from its major customer (Note 6).

5. **MINERAL PROPERTIES**

	2006					2006
	Balance, Beginning of Period	Acquisition Costs	Deferred Expenditures	Option Payment	Accumulated Depletion	Balance, End of Period
Apple Bay	\$ 536,112	\$ -	\$ 13,200	\$ (40,000)	\$ (3,694)	\$ 505,618
Hankin Point	50,000	-	-	-	-	50,000
Lang Bay	<u>50,000</u>	-	-	-	-	<u>50,000</u>
Total	\$ 636,112	\$ -	\$ 13,200	\$ (40,000)	\$ (3,694)	\$ 605,618



INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

5. MINERAL PROPERTIES (cont'd.)

	2005					2005
	Balance, Beginning of Year	Acquisition Costs	Deferred Expenditures	Option Payment	Accumulated Depletion	Balance, End of Year
Apple Bay	\$ 517,626	\$ -	\$ 60,700	\$ (20,000)	\$ (22,214)	\$ 536,112
Hankin Point	50,000	-	-	-	-	50,000
Lang Bay	50,000	-	-	-	-	50,000
Total	\$ 617,626	\$ -	\$ 60,700	\$ (20,000)	\$ (22,214)	\$ 636,112

The Company entered into a Letter Agreement dated February 3, 2005 with Lumina Copper Corp. ("Lumina") for the exploration development and mining of mineral resources within the North Island Apple Bay Claims. Lumina may earn a 100% interest in the property by making a total of \$200,000 in cash payments over a period of three years to the Company and upon a production decision, paying an additional \$800,000 in cash or shares. The Company retains the right to explore and exploit the property for non-metallic industrial minerals, and in addition, Lumina grants the right to the Company to explore its Hushamu claims for non-metallic industrial minerals. At December 31, 2005, the Company has received a \$20,000 option payment from Lumina and received an additional \$40,000 on February 3, 2006, pursuant to the terms of the Letter Agreement.

6. LOAN PAYABLE – MAJOR CUSTOMER

During the period, \$425,276 (2005, \$2,441,269) of the Company's sales were to one customer located in the USA. These sales are pursuant to a purchase agreement dated April 1, 2004 which is for an initial term of five years.

Concurrent with this purchase agreement the Company and its major customer entered into a loan agreement dated April 1, 2004 whereby the major customer agreed to establish a secured demand loan facility to enable the Company to purchase production equipment. All advances bear interest at 8% per annum and are repayable on the basis of \$1.00 per tonne of product purchased by the major customer by deducting the appropriate balance from the sales invoice representing the purchase by this major customer. A total of \$517,851 was advanced. During the period the Company owed \$442,201 (December 31, 2005 \$467,773) under this loan facility. Total repayments in the period totaled \$34,240 (December 31, 2005 \$85,915) and accrued interest of \$8,669 (December 31, 2005 \$35,837).

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- Paid or accrued management fees of \$9,000 (2005 - \$35,700) to an officer of the Company.
- Paid or accrued geological fees of \$13,200 (2005 - \$60,700) to the Company's president that were included in deferred exploration costs pursuant to the Apple Bay Agreement.
- Paid or accrued geological fees of \$6,400 (2005 - \$NIL) to the Company's president that were included in deferred exploration costs pursuant to the Lang Bay Agreement and \$1,705 (2005 - \$NIL) of general expenses to the president and a company controlled by the president.
- Paid or accrued royalties totaling \$9,131 (2005 - \$75,134) and \$5,359 (2005 - \$30,057) of general expenses to the president and a company controlled by the president.



INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

8. ROYALTIES PAYABLES

The Company entered into a Participation and Royalty Agreement with the Quatsino First Nation dated August 20, 2003 which grants the Company the exclusive right to mine certain claims over the term of the agreement expiring June 30, 2013. As consideration, Homegold transferred 400,000 common shares of the Company to the Quatsino First Nation and a member has been appointed as director of the Company. A royalty of \$1.00 per metric tonne is also payable. Payment for one half of the royalty is deferred until production exceeds 200,000 metric tonnes in a calendar year. As at March 31, 2006 an amount of \$129,416 (December 31, 2005 \$118,002) is owing under this deferral arrangement. On March 13, 2006 the Company received a long-term permit from the B.C. Ministry of Energy and Mines to mine up to 249,000 metric tonnes annually. The Company does not expect to produce in excess of 200,000 metric tonnes in 2006 and therefore the amount owing under the deferral arrangement has been classified as a non-current liability at March 31, 2006.

9. SUBSEQUENT EVENTS

On May 4, 2006 the Company closed a non-brokered private placement of 1,876,667 units at a price of \$0.12 a unit. Each unit consists of one common share and one purchase warrant. The warrants are exercisable from the date of grant at \$0.20 in the first year and \$0.30 in the second year and expire on May 4, 2008. The Company will use \$110,000 of the proceeds to post a reclamation bond and release the five individuals from the bond they posted on the Company's behalf.

On April 12, 2006 the Company announced the acquisition of new claims in the immediate Port Hardy Area covering a sandstone-shale sequence that was diamond drilled and trenched by the company in 2001 and 2002. A bulk sample of this material was previously delivered to a cement producer in the Vancouver Area.

On April 6, 2006 312,500 warrants were exercised for \$0.10 each.

Electra has entered into discussions with another Cement Producer in the Vancouver Area to deliver a blended product of chalky geysirite and sandstone/shale containing lower silica, but slightly higher Na_2O and K_2O and higher F_2O_3 . Preliminary discussions have been held with the District of Port Hardy on a Development Permit for a bulk sample.



MANAGEMENT DISCUSSION AND ANALYSIS THREE MONTH PERIOD ENDED MARCH 31, 2006

The following discussion and analysis, prepared as of May 28, 2006, should be read together with the First Quarter financial statements for the three month period ended March 31, 2006 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Overview

The Company is in the resource exploration/development and production business. The Company has leased and acquired mineral rights to properties located near Port Hardy on Vancouver Island and near Powell River. These properties are industrial mineral properties containing cement feedstock materials and Kaolin as well as a strong potential for development of base and precious metal deposits. The company has been continuously shipping product to a Seattle Cement Plant since October 2003.

The company currently trades on the TSX Venture Exchange under the symbol ELT.

The following is a summary of significant events and transactions that occurred during the quarter. Specifically:

A total of 22,828 tonnes were shipped in five barge loads #46 to 50. Barge #50 was shipped on March 20, 2006.

The Company and its major customer entered into a loan agreement dated April 1, 2004 whereby the major customer agreed to establish a secured loan facility to enable the Company to purchase production equipment. All advances bear interest at 8% per annum and are repayable on the basis of \$1.00 per tonne of product purchased by the major customer starting with Load 28 on May 21/05. Two new trucks and 4 axle trailers were purchased in early 2005.

The Company has received, from the Ministry of Mines, a long term permit dated March 13/06 to mine chalky geyserrite up to the amount of 249,000 tonnes per year. This permit approves Electra's five-year Mine Plan and Water Mitigation System.

The Company entered into a Letter Agreement dated February 3, 2005 with Lumina Copper Corp. for the exploration development and mining of mineral resources within the North Island Apple Bay Claims. Lumina may earn a 100% in the property by making a total of \$200,000 in cash payments over time to the Company and upon a production decision, paying an additional \$800,000 in cash or shares. The Company retains the right to explore and exploit the property for non-metallic industrial minerals, and in addition, Lumina grants the right to the Company to explore its Hushamu claims for non-metallic industrial minerals. The Company received its second payment from Lumina on February 3, 2006.



MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTH PERIOD ENDED MARCH 31, 2006

Results of Operations

The Company has experienced 10 consecutive quarters of commercial production. The volume of chalky geyselite shipped in the fourth quarter of 2005 was 32,793.5 tonnes. The first quarter of 2006 had lower revenues as usual since normally cement plants have planned maintenance shut downs in the first quarters of the year and demand for raw materials is lower in the first quarter than for the rest of the year.

Cost of sales in the period \$409,965 (December 31, 2005 \$2,172,687) can be compared with the sales of \$616,852 (December 31, 2004 \$1,588,115).

Selected Financial Information

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
	\$	\$	\$	\$	\$
Revenue	425,276	616,852	2,485,269	1,588,115	502,520
Income/(Loss) before discontinued operations	N/A	N/A	N/A	N/A	N/A
Net Income/(Loss)	(134,263)	69,369	(127,192)	(107,478)	(817,211)
Basic and Diluted Income/(Loss) per share before discontinued operations	N/A	N/A	N/A	N/A	N/A
Basic and Diluted Income/(Loss) per share	0.00	0.00	(0.01)	(0.01)	(0.06)
Total Assets	1,430,588	1,136,119	1,522,236	1,082,213	765,508
Total Long Term Liabilities	129,416	275,576	467,773	57,700	-
Cash Dividends declared per share	-	-	-	-	-

Liquidity & Solvency

The Company has financed its operations to date primarily through the issuance of common shares, exercise of stock options and the sale of chalky geyselite to cement companies. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to deliver a satisfactory product, raise adequate financing and to lower production costs to realize overall corporate profitability in the future coupled with lower corporate expenses.

	March 31 2006	March 31 2005
Working Capital	(436,233)	(132,156)
Deficit	(13,208,136)	(12,877,312)



MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTH PERIOD ENDED MARCH 31, 2006

As at March 31, 2006 the Company held \$236,291 of cash in treasury and net income for the period of \$(134,263).

Net cash used for investing activities for the period ended March 31, 2006 was \$28,800 compared to net cash used by investing activities of \$(40,700) during the year ended December 31, 2005.

Financing activities provided cash of \$Nil during the period ended March 31, 2006 compared to \$201,632 for the year ended December 31, 2005.

Summary of Quarterly Results

	2006	2005				2004			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	425,276	632,659	588,810	646,958	616,852	653,500	364,061	455,944	114,610
Net Income/(Loss)	(134,263)	(21,891)	(124,210)	(50,460)	69,369	(13,116)	(80,480)	(19,732)	5,850
Basic and Diluted Income/(Loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

Capital Resources

The Company has sufficient funds to meet its operational expenses for 2006 and cover anticipated administrative expenses throughout the year. It will continue to focus on the chalky geysirite production at its PEM100 Quarry site in Port Hardy and lowering administrative expenses. A research and development program at the Lang Bay property is underway!

Related Party Transactions

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$9,000 (2005 - \$35,700) to an officer of the Company.
- b) Paid or accrued geological fees of \$13,200 (2005 - \$60,700) to the Company's president that were included in deferred exploration costs pursuant to the Apple Bay Agreement.
- c) Paid or accrued geological fees of \$6,400 (2005 - \$NIL) to the Company's president that were included in deferred exploration costs pursuant to the Lang Bay Agreement and \$1,705 (2005 - \$NIL) of general expenses to the president and a company controlled by the president.
- d) Paid or accrued royalties totaling \$9,131 (2005 - \$75,134) and \$5,359 (2005 - \$30,057) of general expenses to the president and a company controlled by the president.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments

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



MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTH PERIOD ENDED MARCH 31, 2006

Share Data

	Number of Shares	Share Capital \$	Contributed Surplus \$	Total \$
Authorized				
100,000,000 common shares without par value				
Issued				
Balance as at December 31, 2004	19,427,249	12,766,374	352,291	13,118,665
Shares issued in settlement of debt	975,334	252,047	-	252,047
Exercise of stock options	50,000	7,000	(2,000)	5,000
Shares issued for finance fees	176,000	21,120	-	21,120
Private placement at \$0.08 per share	1,637,500	131,000	-	131,000
Private placement at \$0.08 per share	1,250,000	100,000	-	100,000
Finders' fees for private placement				
Cash	-	(10,000)	-	(10,000)
Agent's warrants		(4,792)	4,792	-
Renounced flow through share expenditures	-	(29,160)	-	(29,160)
Stock-based compensation	-	-	95,105	95,105
Balance as at December 31, 2005	23,516,083	13,233,589	450,188	13,683,777
Stock-based compensation			9,188	9,188
Balance as at March 31, 2006	23,516,083	13,233,589	459,376	13,692,965

Stock options transactions are summarized as follows for the period ended March 31, 2006 and December 31, 2005:

On January 19, 2006, the Company entered into a six month term letter of understanding with for consulting services, whereby the Company will compensate the consultant by the issuance of 470,522 stock options, issued at \$0.15 each, an exercise price of \$0.10 each and expire on March 27, 2008.

	2006		2005	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	1,550,000	\$ 0.10	1,350,000	\$ 0.10
Granted	470,522	0.10	1,550,000	0.10
Exercised	-	0.10	(50,000)	0.10
Expired	-	0.10	(1,300,000)	0.10
Outstanding, end of year	2,020,522	\$ 0.10	1,550,000	\$ 0.10
Exercisable, end of year	1,292,630	\$ 0.10	1,175,000	\$ 0.10



MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTH PERIOD ENDED MARCH 31, 2006

Warrant transactions are summarized as follows for the period ended March 31, 2006 and December 31, 2005:

	2006		2005	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	3,012,500	\$ 0.10	447,200	\$ 0.35
Granted	-	0.10	3,012,500	0.10
Exercised	-	0.10	-	0.10
Expired	-	-	(447,200)	0.35
Outstanding, end of period	3,012,500	\$ 0.10	3,012,500	\$ 0.10

Subsequent Events

On May 4, 2006 the Company closed a non-brokered private placement of 1,876,667 units at a price of \$0.12 a unit. Each unit consists of one common share and one purchase warrant. The warrants are exercisable from the date of grant at \$0.20 in the first year and \$0.30 in the second year and expire on May 4, 2008. The Company will use \$110,000 of the proceeds to post a reclamation bond and release the five individuals from the bond they posted on the Company's behalf.

On April 12, 2006 the Company announced the acquisition of new claims in the immediate Port Hardy Area covering a sandstone-shale sequence that was diamond drilled and trenched by the company in 2001 and 2002. A bulk sample of this material was previously delivered to a cement producer in the Vancouver Area.

On April 6, 2006 312,500 warrants were exercised for \$0.10 each.

Electra has entered into discussions with another Cement Producer in the Vancouver Area to deliver a blended product of chalky geyserrite and sandstone/shale containing lower silica, but slightly higher Na₂O and K₂O and higher F₂O₃. Preliminary discussions have been held with the District of Port Hardy on a Development Permit for a bulk sample.

Outlook

The Company's continuing focus will be on sustained production of chalky geyserrite at the PEM100 Quarry in Port Hardy. The development of a docking port located on the west side of the island will contribute to the reduction of hauling cost for the product. The Company is also working with its major customer in pricing of the chalky geyserrite to facilitate the sharing of administrative costs. Based on results of current production and new product development, the Company remains confident that production will be met for all outstanding orders.

Caution Regarding Forward-looking Information

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company available for view on SEDAR at www.sedar.com.