

FORM 45-108F1
REPORT OF EXEMPT DISTRIBUTION

This is the form required under section 6.1 of Regulation 45-106 for a report of exempt distribution.

Issuer Information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

Mengold Resources Inc.
360 Bay Street
Suite 500
Toronto, ON M5H 2V6
Tel: (416) 533-0323

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

Reporting Issuer in Quebec, Alberta and British Columbia

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | <input checked="" type="checkbox"/> Mining |
| <input type="checkbox"/> Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) _____ |

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

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Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

December 30, 2005

Item 6: For each security distributed:

(a) describe the type of security,

860,000 Series A Units and 1,000,000 Series B Units (collectively "Units"). Each Unit was offered at a price of \$0.125. Each Series A Unit is comprised of one (1) flow-through common share in the share capital of the Company and one-half common share purchase warrant ("Warrant"). Each Series B Unit is comprised of one (1) common share and one whole Warrant. Each whole Warrant will entitle the holder thereof to purchase one (1) additional common share in the share capital of the Company at a price of \$0.20 a period of 24 months from the closing date, subject to accelerated expiry upon 30 days' notice in the event that the closing price of the Company's common shares on the TSX Venture Exchange is \$0.30 or more for a period of 20 consecutive trading days.

(b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date ; and

860,000 Series A Units and 1,000,000 Series B Units

(c) state the exemption(s) relied on.

Section 2.3 of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

| Each jurisdiction where purchasers reside | Number of purchasers | Price per security (Canadian \$)* | Total dollar value raised from purchasers in the jurisdiction (Canadian \$) |
|---|----------------------|-----------------------------------|---|
| Quebec | 1 | \$0.125 | \$10,000 |
| British Columbia | 2 | \$0.125 | \$37,500 |

| | | | |
|---|---|---------|-----------|
| Ontario | 3 | \$0.125 | \$72,500 |
| Overseas | 2 | \$0.125 | \$112,500 |
| Total number of Purchasers | 8 | | |
| Total dollar value of distribution in all jurisdictions (Canadian \$) | | | \$232,500 |

Note 1:

If securities are issued at a different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature.

Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

| Full name and address of the person being compensated | Compensation paid or to be paid (cash and/or securities) | | | | |
|---|--|--------------------------------------|--------------------|--|--|
| | Cash (Canadian \$) | Securities | | | Total dollar value of compensation (Canadian \$) |
| | | Number and type of securities issued | Price per security | Exemption relied on and date of distribution | |
| / | | | | | |
| | | | | | |
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Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario".

The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: January 6, 2006

Mengold Resources Inc.

Name of issuer (please print)

Douglas G. Reeson, Chief Financial Officer

(416) 533-0323

Print name, title and telephone number of person signing

Signature



Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.