

KEEGAN RESOURCES INC.
(formerly Quicksilver Ventures Inc.)

Notice to Reader and Consolidated Financial Statements

Six months ended September 30, 2005 and 2004

Tony M. Ricci Inc.

Chartered Accountant

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NOTICE TO READER

I have compiled the consolidated balance sheets of Keegan Resources Inc. (formerly Quicksilver Ventures Inc.) as at September 30, 2005 and 2004 and the interim consolidated statements of operations and deficit and cash flows for the three months period then ended from information provided by management. I have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

"Tony M. Ricci Inc."

Chartered Accountant

Vancouver, B.C.
November 18, 2005

KEEGAN RESOURCES INC.

(formerly Quicksilver Ventures Inc.)

Consolidated Balance Sheets
(Unaudited – See Notice to Reader)

	September 30, 2005	March 31, 2005
		(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 151,882	\$ 674,917
Goods and services taxes recoverable	37,309	29,727
Prepaid expenses and deposits	8,500	8,500
	197,691	713,144
Equipment and leasehold improvements (note 3)	40,900	45,950
Resource properties (note 4)	1,574,514	529,236
	\$ 1,813,105	\$ 1,288,330
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 230,305	\$ 48,913
Share subscriptions (note 8)	571,975	–
	802,280	48,913
Shareholders' Equity (Deficiency)		
Share capital (note 5)	1,877,663	1,674,328
Contributed surplus (note 5)	658,836	313,649
Deficit	(1,525,674)	(748,560)
	1,010,825	1,239,417
Commitments (note 7)		
Subsequent events (note 8)		
	\$ 1,813,105	\$ 1,288,330

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

Approved by the Directors:

“Dan McCoy”

_____ Director

“Gordon J. Fretwell”

_____ Director

KEEGAN RESOURCES INC.

(formerly Quicksilver Ventures Inc.)

Consolidated Statements of Operations and Deficit
Six months ended September 30, 2005 and 2004
(Unaudited – See Notice to Reader)

	Three months ended September		Six months ended September	
	2005	2004	2005	2004
Administration expenses:				
Amortization	\$ 2,525	\$ 1,207	\$ 5,050	\$ 2,193
Bank charges and interest	436	98	1,151	241
Consulting	100,742	6,860	216,452	27,970
Office, rent and administration	21,909	20,064	51,036	32,361
Professional fees	8,873	15,312	19,189	32,104
Regulatory	–	11,195	15,120	12,645
Stock based compensation	187,081	–	345,187	–
Transfer agent and shareholder information	38,501	2,986	52,015	4,929
Travel and promotion	26,659	–	70,611	23,406
	<u>386,726</u>	<u>57,722</u>	<u>775,811</u>	<u>135,849</u>
Other expenses (income):				
Interest	(544)	(466)	(1,760)	(1,069)
Foreign exchange	2,860	21,376	3,063	21,376
	<u>2,316</u>	<u>20,910</u>	<u>1,303</u>	<u>20,307</u>
Net loss for the period	389,042	78,632	777,114	156,156
Deficit, beginning of period	1,136,632	196,712	748,560	119,188
Deficit, end of period	<u>\$ 1,525,674</u>	<u>\$ 275,344</u>	<u>\$ 1,525,674</u>	<u>\$ 275,344</u>
Weighted average number of Shares outstanding	8,162,056	6,740,000	8,087,471	6,207,759
Basic and diluted loss per share	<u>\$ 0.05</u>	<u>\$ 0.012</u>	<u>\$ 0.10</u>	<u>\$ 0.025</u>

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

KEEGAN RESOURCES INC.

(formerly Quicksilver Ventures Inc.)

Statements of Cash Flows

Six months ended September 30, 2005 and 2004

(Unaudited – See Notice to Reader)

	Three months ended		Six months ended	
	September		September	
	2005	2004	2005	2004
Cash provided by (used in):				
Operating activities:				
Net Loss for the period	\$ (389,042)	\$ (78,632)	\$ (777,114)	\$ (156,156)
Items not involving cash:				
Amortization	2,525	1,207	5,050	2,193
Stock based compensation	187,081	–	345,187	–
Changes in non-cash working capital items:				
Goods and services taxes recoverable	(4,237)	(2,431)	(7,582)	(9,520)
Prepaid expenses and deposits	–	9,828	–	18,571
Accounts payable and accrued liabilities	190,998	(575)	181,392	(22,341)
	(12,675)	(70,603)	(253,067)	(167,253)
Investing activities:				
Purchase of equipment and leasehold improvements	–	(9,927)	–	(44,807)
Acquisition of interest in mineral properties	(109,029)	–	(177,592)	–
Deferred exploration	(545,594)	–	(664,351)	–
	(654,623)	(9,927)	(841,943)	(44,807)
Financing activities:				
Common shares issued for cash	–	–	–	331,250
Share issuance costs	–	–	–	(12,700)
Share subscriptions	571,975	3,750	571,975	3,750
Other payables	–	49,150	–	49,150
	571,975	52,900	571,975	371,450
Increase (decrease) in cash	(95,323)	(27,630)	(523,035)	159,390
Cash and cash equivalents, beginning of period	247,205	610,679	674,917	423,659
Cash and cash equivalents, end of period	\$ 151,882	\$ 583,049	\$ 151,882	\$ 583,049
Supplemental cash flow information:				
Shares issued on acquisition of resource properties	\$ 142,000	\$ –	\$ 203,336	\$ –

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

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(formerly Quicksilver Ventures Inc.)

Notes to Consolidated Financial Statements, page 1
For the six months ended September 30, 2005 and 2004
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1. Nature of operations

The Company was incorporated on September 23, 1999 under the laws of British Columbia. The Company was a capital pool company as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4.

During the year ended March 31, 2004, the common shares of the Company commenced trading on the NEX. NEX is a separate board of the Exchange for companies which were previously listed on the Exchange which have failed to maintain compliance with the ongoing financial listing standards of the Exchange. NEX was created so publicly listed shell companies may still continue to trade their securities while they seek and undertake transactions to complete their reactivation.

During the year ended March 31, 2005, the Company completed its Qualifying Transaction through the acquisition of interests in resource properties (see note 4). As a result, the Company is no longer considered a capital pool company. The Company’s listing has been transferred from NEX to TSX Venture under a Tier 2 issuer classification. In conjunction with the completion of the Qualifying Transaction, the Company changed its name from Quicksilver Ventures Inc. to Keegan Resources Inc..

2. Significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Quicksilver Ventures (Nevada) Inc..

(b) Financial instruments

The carrying amounts of cash and cash equivalents, goods and services taxes recoverable, prepaid expenses and deposits, accounts payable and accrued liabilities and share subscriptions approximate fair value because of the short-term maturity of these items.

(c) Use of estimates

The preparation of financial statements in conformity with 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 period. Actual results may differ from those estimates.

KEEGAN RESOURCES INC.

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Notes to Consolidated Financial Statements, page 2
For the six months ended September 30, 2005 and 2004
(Unaudited – See Notice to Reader)

2. Significant accounting policies (continued)

(d) Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible to cash with maturities of three months or less when purchased.

(e) Equipment and leasehold improvements

Furniture, equipment and leasehold improvements are carried at cost less accumulated amortization. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of each asset. The annual rates used to compute amortization are as follows:

Asset	Basis	Rate
Furniture and equipment	declining balance	20%
Computers	declining balance	30%
Leasehold improvements	straight-line	term of lease

(f) Resource properties and deferred exploration costs

The Company records its interests in resource properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Resource properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of resource exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the resource deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

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Notes to Consolidated Financial Statements, page 3
For the six months ended September 30, 2005 and 2004
(Unaudited – See Notice to Reader)

2. Significant accounting policies (continued)

(f) Resource properties and deferred exploration costs (continued)

The Company defers all exploration costs relating to resource properties and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

The Company does not accrue the estimated future costs of maintaining its resource properties in good standing.

The amounts shown for resource properties and deferred exploration costs represent costs to date, and do not necessarily represent present or future values, as they are entirely dependent upon the economic recovery of current and future reserves.

(g) Asset retirement obligations

The Canadian Institute of Chartered Accountants ("CICA") recently issued a new section in the CICA Handbook, section 3110, Asset retirement obligations, which was effective July 1, 2004. The standard focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for the accretion of discount and any changes in the underlying cash flows. The asset retirement cost is to be capitalized to the related asset and amortized into earnings over time. Adoption of this standard has not affected the Company's financial statements.

(h) Foreign currency

Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at average rates of exchange during the period. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the period.

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Notes to Consolidated Financial Statements, page 4
For the six months ended September 30, 2005 and 2004
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2. Significant accounting policies (continued)

(i) Earnings (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 earnings (loss) per share is calculated using the weighted-average number of shares outstanding during the period.

(j) Stock-based compensation

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock using the Black-Scholes option pricing model. Any consideration paid on the exercise of stock options is credited to capital stock.

3. Equipment and leasehold improvements

September 30, 2005	Cost	Accumulated amortization	Net book value
Furniture	\$ 17,873	\$ 3,396	\$ 14,477
Equipment	14,141	2,687	11,454
Computers	13,076	3,628	9,448
Leasehold improvements	6,570	1,049	5,521
	\$ 51,660	\$ 10,760	\$ 40,900

March 31, 2005	Cost	Accumulated amortization	Net book Value
Furniture	\$ 17,873	\$ 1,787	\$ 16,086
Equipment	14,141	1,414	12,727
Computers	13,076	1,961	11,115
Leasehold improvements	6,570	548	6,022
	\$ 51,660	\$ 5,710	\$ 45,950

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Notes to Consolidated Financial Statements, page 5
For the six months ended September 30, 2005 and 2004
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4. Resource properties

Properties	September 30, 2005	March 31, 2005
Horse Mountain Claims	\$ 869,320	\$ 430,066
Regent Gold Silver Project	348,584	55,553
Asumura Gold	260,040	43,617
Fri Property	96,570	–
	<u>\$ 1,574,514</u>	<u>\$ 529,236</u>

(a) Horse Mountain Claims

During the year ended March 31, 2005, the Company entered into agreements with Hunter Dickinson Group Inc. (“HDG”), Anaconda Gold (USA) Inc. (“Anaconda”) and Barrick Gold Exploration Inc. (“Barrick”), whereby it has acquired the right to earn an interest in the Horse Mountain Project in Nevada. The transactions with Anaconda and Barrick (collectively the “Acquisition”) served as the Company’s Qualifying Transaction for the purposes of the policies of the Exchange.

Pursuant to an assignment agreement entered into on August 5, 2004 between the Company and HDG (the “Anaconda Agreement”), the Company was assigned HDG’s interest in a letter agreement dated August 7, 2003 between HDG and Anaconda as amended by letter agreement dated July 28, 2004 among HDG, Anaconda and the underlying owners to acquire an interest in 223 mining claims situated in Elko County, Nevada (the “Anaconda Horse Mountain Claims”) that form part of the Horse Mountain Project. Pursuant to the terms of an option agreement entered into on August 16, 2004 between the Company and Barrick (the “Barrick Agreement”), the Company may earn an interest in 35 mining claims and a mining lease situated in Elko County, Nevada (the “Barrick Horse Mountain Claims”) that form the balance of the Horse Mountain Project.

Under the terms of the Anaconda Agreement, the Company was assigned the right and option to earn a 55% interest in the Anaconda Horse Mountain Claims as follows:

i) by making exploration expenditures of US\$1,500,000 by August 31, 2010 as follows:

Year 1 – US\$150,000
Year 2 – US\$225,000
Year 3 – US\$300,000
Year 4 – US\$300,000
Year 5 – US\$300,000
Year 6 – US\$225,000

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Notes to Consolidated Financial Statements, page 6
For the six months ended September 30, 2005 and 2004
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4. Resources properties (continued)

(a) Horse Mountain Claims (continued)

ii) by making US\$385,000 in option payments to Anaconda:

Year 2004 – US\$ 80,000 (paid)

Year 2005 – US\$ 90,000 (paid)

Year 2006 – US\$115,000 (of which \$57,500 is payable in shares)

Year 2007 – US\$100,000 (of which \$50,000 is payable in shares)

iii) by issuing to Anaconda 100,000 common shares of the Company as reimbursement for the payment by Anaconda of US\$68,376.50 for past Bureau of Land Management (“BLM”) Fees and past option payments to the underlying vendors (shares issued during the year ended March 31, 2005); and

iv) by providing HDG with consideration for assigning its rights to the Anaconda Horse Mountain Claims as follows:

i. issuing to HDG 141,159 common shares of the Company for reimbursement of \$119,986 of out of pocket costs incurred by HDG (shares issued during the year ended March 31, 2005);

ii. issuing to HDG a further 75,000 common shares (shares issued during the year ended March 31, 2005); and

iii. reimbursing HDG for US\$23,376.50 for 2004 BLM payments made by HDG on the Anaconda Horse Mountain Claims and US\$5,925 for holding costs on the Barrick Horse Mountain Claims (paid during the year ended March 31, 2005).

Pursuant to a letter agreement dated July 21, 2004 between the Company and Anaconda, the Company issued to Anaconda 25,000 common shares for the one time right to opt out of the area of influence (AOI) clause applicable pursuant to the terms of the Anaconda Agreement. The Company also agreed to issue an additional 100,000 common shares to Anaconda for the permanent right to opt out of the AOI clause if and when the Company earns its 70% interest in the Barrick Horse Mountain Claims.

The Company may earn an additional 15% interest by completing a bankable feasibility study using an internationally recognized third party engineering firm. Subject to underlying royalties, a 100% interest in the Anaconda Horse Mountain Claims may be purchased by the Company and Anaconda as joint venture partners on a prorated basis from the underlying vendors for US\$7,500,000.

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Notes to Consolidated Financial Statements, page 7

For the six months ended September 30, 2005 and 2004

(Unaudited – See Notice to Reader)

4. Resource properties (continued)

(a) Horse Mountain Claims (continued)

Under the terms of the Barrick Agreement, the Company can earn a 70% interest in the Barrick Horse Mountain Claims by making exploration expenditures of US\$1,500,000 over four years as follows:

Year 1 – US\$200,000

Year 2 – US\$300,000

Year 3 – US\$400,000

Year 4 – US\$600,000

Once the Company has earned its 70% interest, one of the following shall occur at Barrick's election:

- i) Barrick and the Company may enter into a joint venture with the Company as operator, whereby Barrick would have an initial 30% interest and the Company an initial 70% interest;
- ii) Barrick may elect to earn back to a 70% participating interest in a joint venture with the Company by spending the next US\$3,000,000 in exploration expenditures, with Barrick as operator; or
- iii) If Barrick elects to not participate in a joint venture, the Company would have the option to purchase Barrick's 30% interest for US\$2,500,000 within one year of vesting with Barrick retaining a 2% NSR royalty.

(b) Regent Gold Silver Project

Pursuant to an agreement dated March 4, 2005, between the Company and Jerry Baughman and Fabiola Baughman ("Optionors"), the Company may acquire 100% of the Regent Gold Silver Project ("Regent property") located in Mineral County, Nevada, on the following terms:

- i) complete US\$3 million of exploration work (US\$250,000 in the first year) on the Regent property;
- ii) deliver cash payments totaling US\$270,000 (US\$80,000 paid in the first year, which was paid as at September 30, 2005); and
- iii) issue a total of 500,000 common shares (150,000 common shares in the first year) of the Company to the Optionors over a period of six years.

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Notes to Consolidated Financial Statements, page 8
For the six months ended September 30, 2005 and 2004
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4. Resources properties (continued)

(b) Regent Gold Silver Project (continued)

After meeting the above commitments, the Company will have an undivided 100% interest in the property subject to a 2.5 % NSR royalty, 60% of which may be purchased for US\$3,000,000. 35,890 shares were issued to HDG as finder's fees with respect to the Regent property.

During the period, the Company obtained regulatory approval for the above transaction and issued 150,000 common shares to the Optionors as per the terms of the agreement.

(c) Asumura Gold Project

The Company entered into an option agreement with GTE Ventures Limited ("GTE") dated February 18, 2005 whereby the Company may acquire 100% of the Asumura Reconnaissance Concession ("Asumura property") located in the Republic of Ghana, West Africa, under the following terms:

- i) complete US\$1 million of exploration work by July 31, 2007 (US\$80,000 in the first year) on the Asumura property;
- ii) deliver cash payments totaling US\$100,000 to GTE by October 8, 2007 (US\$10,000 paid during the year ended March 31, 2005); and
- iii) issue common shares of the Company to GTE equivalent to US\$100,000 (13,899 common shares equivalent to US\$10,000 were issued during the period) over a period of three years.

After meeting the above commitments, the Company will have an undivided 100% interest in the Asumura property subject to a 3.5% net smelter return, 50% of which may be purchased for US\$2 million. 11,270 shares were issued to HDG as finder's fees with respect to the Asumura property.

(d) Fri Property

The Company entered into an option agreement dated May 31, 2005 with Gerald Baughman and Fabiola Baughman pursuant to which the Company has the option to acquire 100% interest in the Fri gold project located in Nye County, Nevada, under the following terms:

- i) deliver cash payments totaling US\$285,000 over five years (US\$60,000 in the first year, of which, US\$20,000 was paid during the period);

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Notes to Consolidated Financial Statements, page 9
For the six months ended September 30, 2005 and 2004
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4. Resources properties (continued)

(d) Fri Property (continued)

- ii) issue 500,000 common shares of the Company over five years (125,000 common shares in the first year, of which, 25,000 shares have been issued during the period); and
- iii) expend US\$3 million in work expenditures on the Fri property over the next five years (US\$300,000 in the first year).

After meeting these commitments, the Company will have an undivided 100% interest in the Fri property subject to a 2.5% net smelter return royalty payable to GTE, 60% of which (net purchase of 1.5%) may be purchased back by the Company for US\$3 million.

5. Share capital

(a) Authorized

100,000,000 common shares without par value; and
100,000,000 preferred shares without par value.

(b) Issued and outstanding

	Number of shares	Amount
Balance, March 31, 2004	3,465,000	\$ 432,855
Private placements	4,070,500	972,875
Finders' fees on private placements	33,900	25,425
Exercise of options	100,000	15,000
Resource properties	341,159	295,486
Less share issuance costs	–	(67,313)
Balance, March 31, 2005	8,010,559	1,674,328
Finders' fees and consideration for acquisition of interest in resource properties	236,059	203,336
Balance, September 30, 2005	8,246,618	\$ 1,877,664

During the year ended March 31, 2005, the Company completed a non-brokered private placement of 3,200,000 common shares at a price of \$0.10 per common share for gross proceeds of \$320,000. The Company paid \$10,000 as a finder's fee on this private placement. 135,000 of the common shares issued pursuant to this private placement are held in escrow subject to the provisions of the Exchange.

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Notes to Consolidated Financial Statements, page 10
For the six months ended September 30, 2005 and 2004
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5. Share capital (continued)

(b) Issued and outstanding (continued)

During the year ended March 31, 2005, the Company completed a non-brokered private placement of 870,500 units at a price of \$0.75 per unit for gross proceeds of \$652,875. Each unit consists of one common share and a share purchase warrant of the Company. Each share purchase warrant entitles the holder, on exercise, to purchase an additional common share of the Company at a price of \$0.85 per share for a period of two years expiring January 31, 2007. The Company paid \$10,500 as a finder's fee on this private placement. In addition, the Company issued an aggregate of 33,900 units, consisting of 33,900 common shares and 33,900 brokers' warrants as finders' fees on this private placement.

During the year ended March 31, 2005, 100,000 options were exercised at a price of \$0.15 per share for proceeds of \$15,000 and 100,000 common shares were issued.

During the year ended March 31, 2005, the Company issued 341,159 common shares on the acquisition of the Horse Mountain Claims.

During the period, the Company issued 236,059 common shares as finders' fees on acquisition of interests in resource properties.

(c) Shares held in escrow

As at September 30, 2005, 135,000 (March 31, 2005 – 135,000) common shares of the Company were the subject of an escrow agreement under which the shares may not be transferred, assigned or otherwise dealt with without the consent of the relevant regulatory body having jurisdiction thereon.

(d) Stock options

The Company maintains a fixed stock option plan that enables it to grant from time to time, up to a total of 1,348,000 options to its directors, officers, employees and other service providers. During the period, the Company amended its stock option plan increasing the number of shares reserved for issuance under the plan to 1,646,543. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

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Notes to Consolidated Financial Statements, page 11
For the six months ended September 30, 2005 and 2004
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5. Share capital (continued)

(d) Stock options (continued)

The Company has outstanding options to directors and consultants as follows:

	Weighted average common shares	Weighted average Exercise price
Balance, April 1, 2004	–	–
Granted	1,348,000	\$ 0.92
Balance, March 31, 2005 and September 30, 2005	1,348,000	\$ 0.92

The following table summarizes the stock options outstanding and exercisable at September 30, 2005:

Exercise price	Number outstanding at September 30, 2005	Expiry date	Number exercisable at September 30, 2005
\$0.92	1,348,000	February 3, 2010	933,671

During the period, under the fair-value-based method, \$345,187 (2004 – \$nil) in compensation expense was recorded in the statements of operations and deficit for stock options granted to directors and consultants of the Company.

The fair value of share options used to calculate compensation expense has been estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2005	2004
Risk free interest rate	3%	–
Expected dividend yield	0%	–
Stock price volatility	124%	–
Expected life of options	2 years	–

The weighted average fair value of options granted during the three months ended September 30, 2005 is \$0.58 (2004 – \$nil) per share.

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For the six months ended September 30, 2005 and 2004
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5. Share capital (continued)

(e) Contributed surplus

	September 30, 2005	March 31, 2005
Balance, beginning of period	\$ 313,649	\$ 100,000
Stock compensation	345,187	194,961
Brokers' warrants issued	–	18,688
Balance, end of period	\$ 658,836	\$ 313,649

6. Related party transactions

During the period, the Company paid or accrued \$13,848 (2004 - \$13,083) for legal fees to a company controlled by a director and officer of the Company.

The Company has entered into a consulting agreement with a director and officer of the Company in the amount of US\$6,667 per month. During the period, the Company paid consulting fees of \$48,658 (2004 - \$nil) under this agreement.

The Company has entered into a consulting agreement with a former officer of the Company in the amount of CAD\$3,333 per month. During the period, the Company paid consulting fees of \$15,000 (2004 - \$nil) under this agreement.

7. Commitments

The Company is committed to payments regarding agreements to lease its Vancouver office premises as follows:

2006	\$ 45,200
2007	46,840
2008	50,266
2009	50,565
2010	12,641
	<u>\$ 205,512</u>

The Company is also committed to carry out the expenditures described in note 4.

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For the six months ended September 30, 2005 and 2004

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8. Subsequent events

On October 14, 2005, the Company completed a non-brokered private placement of up to 3,000,000 units of the Company at a price of \$0.80 per unit for gross proceeds of up to \$2,400,000. Each unit consists of one common share and one non-transferable share purchase warrant, entitling the holder to purchase within two years one additional common share of the Company at a price of \$1 per share. The warrants will be subject to an acceleration clause whereby if the shares of the Company trade above \$2 for a period of 10 consecutive trading days, the Company will have the option to require the earlier exercise of the warrants within 30 days of formal notice from the Company.

An aggregate of \$160,000 was paid to various finders in connection with the financing. In addition, an aggregate of 104,000 brokers' warrants were granted on the same terms as the private placement warrants.

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MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended September 30, 2005 and 2004

KEEGAN RESOURCES INC.

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Management Discussion & Analysis
Six months ended September 30, 2005 and 2004

1.1 Date

This Management's Discussion and Analysis ("MD&A") of Keegan Resources Inc. (formerly Quicksilver Ventures Inc.) ("Keegan" or the "Company") has been prepared by management as of November 18, 2005 and should be read in conjunction with the interim unaudited consolidated financial statements and related notes thereto of the Company, as at and for the six months ended September 30, 2005 and 2004 and audited consolidated financial statements and related notes thereto of the Company, as at and for the years ended March 31, 2005 and 2004 which were prepared in accordance with Canadian generally accepted accounting principles.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all Performance

The Company was incorporated under the provisions of the Company Act (British Columbia) on September 23, 1999, and completed its initial public offering and listed its shares for trading on the Exchange on June 25, 2001.

The Company was a "Capital Pool company ("CPC")" under the policies of the TSX Venture Exchange (the "Exchange"). During the year ended March 31, 2004, common shares of the Company commenced trading on the NEX while the Company was in the process of finding a suitable business for its Qualifying Transaction. NEX is a separate board of the Exchange for companies which were previously listed on the Exchange which have failed to maintain compliance with the ongoing financial listing standards of the Exchange. NEX was created so publicly listed shell companies may still continue to trade their securities while they seek and undertake transactions to complete their reactivation.

During the year ended March 31, 2005, the Company completed its Qualifying Transaction through the acquisition of interests in resource properties. As a result, the Company is no longer considered a capital pool company and its principal business is the acquisition and exploration of resource properties. The Company's listing has been transferred from NEX to TSX Venture under a Tier 2 issuer classification. In conjunction with the completion of the Qualifying Transaction, the Company changed its name from Quicksilver Ventures Inc. to Keegan Resources Inc.

As at the date hereof, the Company has various mining interests in Nevada and West Africa and entered into the following agreements as at September 30, 2005:

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1. Horse Mountain Claims

During the year ended March 31, 2005, the Company entered into agreements with Hunter Dickinson Group Inc. ("HDG"), Anaconda Gold (USA) Inc. ("Anaconda") and Barrick Gold Exploration Inc. ("Barrick"), whereby it has acquired the right to earn an interest in the Horse Mountain Project in Nevada. The transactions with Anaconda and Barrick (collectively the "Acquisition") served as the Company's Qualifying Transaction for the purposes of the policies of the Exchange.

Pursuant to an assignment agreement entered into on August 5, 2004 between the Company and HDG (the "Anaconda Agreement"), the Company was assigned HDG's interest in a letter agreement dated August 7, 2003 between HDG and Anaconda as amended by letter agreement dated July 28, 2004 among HDG, Anaconda and the underlying owners to acquire an interest in 223 mining claims situated in Elko County, Nevada (the "Anaconda Horse Mountain Claims") that form part of the Horse Mountain Project. Pursuant to the terms of an option agreement entered into on August 16, 2004 between the Company and Barrick (the "Barrick Agreement"), the Company may earn an interest in 35 mining claims and a mining lease situated in Elko County, Nevada (the "Barrick Horse Mountain Claims") that form the balance of the Horse Mountain Project.

Under the terms of the Anaconda Agreement, the Company was assigned the right and option to earn a 55% interest in the Anaconda Horse Mountain Claims as follows:

i) by making exploration expenditures of US\$1,500,000 by August 31, 2010 as follows:

Year 1 – US\$150,000
Year 2 – US\$225,000
Year 3 – US\$300,000
Year 4 – US\$300,000
Year 5 – US\$300,000
Year 6 – US\$225,000

ii) by making US\$385,000 in option payments to Anaconda:

Year 2004 – US\$ 80,000 (paid)
Year 2005 – US\$ 90,000 (paid)
Year 2006 – US\$115,000 (of which \$57,500 is payable in shares)
Year 2007 – US\$100,000 (of which \$50,000 is payable in shares)

iii) by issuing to Anaconda 100,000 common shares of the Company as reimbursement for the payment by Anaconda of US\$68,376.50 for past Bureau of Land Management ("BLM") Fees and past option payments to the underlying vendors (shares issued during the year ended March 31, 2005); and

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- iv) by providing HDG with consideration for assigning its rights to the Anaconda Horse Mountain Claims as follows:
 - i. issuing to HDG 141,159 common shares of the Company for reimbursement of \$119,986 of out of pocket costs incurred by HDG (shares issued during the year ended March 31, 2005);
 - ii. issuing to HDG a further 75,000 common shares (shares issued during the year ended March 31, 2005); and
 - iii. reimbursing HDG for US\$23,376.50 for 2004 BLM payments made by HDG on the Anaconda Horse Mountain Claims and US\$5,925 for holding costs on the Barrick Horse Mountain Claims (paid during the year ended March 31, 2005).

Pursuant to a letter agreement dated July 21, 2004 between the Company and Anaconda, the Company issued to Anaconda 25,000 common shares for the one time right to opt out of the area of influence (AOI) clause applicable pursuant to the terms of the Anaconda Agreement. The Company also agreed to issue an additional 100,000 common shares to Anaconda for the permanent right to opt out of the AOI clause if and when the Company earns its 70% interest in the Barrick Horse Mountain Claims.

The Company may earn an additional 15% interest by completing a bankable feasibility study using an internationally recognized third party engineering firm. Subject to underlying royalties, a 100% interest in the Anaconda Horse Mountain Claims may be purchased by the Company and Anaconda as joint venture partners on a prorated basis from the underlying vendors for US\$7,500,000.

Under the terms of the Barrick Agreement, the Company can earn a 70% interest in the Barrick Horse Mountain Claims by making exploration expenditures of US\$1,500,000 over four years as follows:

Year 1 – US\$200,000
Year 2 – US\$300,000
Year 3 – US\$400,000
Year 4 – US\$600,000

Once the Company has earned its 70% interest, one of the following shall occur at Barrick's election:

- i) Barrick and the Company may enter into a joint venture with the Company as operator, whereby Barrick would have an initial 30% interest and the Company an initial 70% interest;

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- ii) Barrick may elect to earn back to a 70% participating interest in a joint venture with the Company by spending the next US\$3,000,000 in exploration expenditures, with Barrick as operator; or
- iii) If Barrick elects to not participate in a joint venture, the Company would have the option to purchase Barrick's 30% interest for US\$2,500,000 within one year of vesting with Barrick retaining a 2% NSR royalty.

Update on the Property:

Core drilling has commenced at the Horse Mountain property in Nevada. Keegan started drilling its deep hole testing the intersection of the altered and mineralized Rock Creek Fault with the projected lower plate carbonate host rocks.

The deep drillhole at Horse Mountain was collared 1,500 feet from the expression of the Rock Creek fault at an azimuth of 310° and an inclination of -80°. Keegan expects to encounter the Rock Creek fault (which dips 45 degrees at the surface) at approximately 1,800 feet. The top of the Lower Plate, Carlin-style, carbonate host rocks is anticipated beneath the fault at 1,700 to 2,800 feet below surface. The first 830 feet of core consist of strongly altered Eocene (Carlin mineralization age) volcanic rocks with sections of sulfide mineralization. Keegan is in the process of photographing and logging the core in preparation for select sampling.

Jim Oliver, Ph.D, P. Geo. is Keegan's Qualified Person at the Horse Mountain property.

2. Regent Gold Silver Project

Pursuant to an agreement dated March 4, 2005 between the Company and Jerry Baughman and Fabiola Baughman ("Optionors"), the Company may acquire 100% of the Regent Gold Silver Project ("Regent property") located in Mineral County, Nevada, on the following terms:

- i) complete US\$3 million of exploration work (US\$250,000 in the first year) on the Regent property;
- ii) deliver cash payments totaling US\$270,000 (US\$80,000 in the first year, which was paid as at September 30, 2005); and
- iii) issue a total of 500,000 common shares (150,000 common shares in the first year) of the Company to the Optionors over a period of six years.

A finder's fee will be payable to HDG with respect to the Regent property. After meeting the above commitments, the Company will have an undivided 100% interest in the property subject to a 2.5 % NSR royalty, 60% of which may be purchased for US\$3,000,000. 35,890 shares were issued to HDG as finder's fees with respect to the Regent property.

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The Company has obtained regulatory approval for the above transaction and has issued 150,000 common shares to the Optionors as per the terms of the agreement.

The Company has received Exchange acceptance of the Regent 43-101 technical report which may be found at www.sedar.com.

Update on the Property:

The Company began its drill program on the Regent property.

3. Asumura Gold Project

The Company entered into an option agreement with GTE Ventures Limited ("GTE") dated February 18, 2005 whereby the Company may acquire 100% of the Asumura Reconnaissance Concession ("Asumura property") located in the Republic of Ghana, West Africa, under the following terms:

- i) complete US\$1 million of exploration work by July 31, 2007 (US\$80,000 in the first year) on the Asumura property;
- ii) deliver cash payments totaling US\$100,000 to GTE by October 8, 2007 (US\$10,000 paid during the year ended March 31, 2005); and
- iii) issue common shares of the Company to GTE equivalent to US\$100,000 (13,899 common shares equivalent to US\$10,000 were issued during the period) over a period of three years;

After meeting the above commitments, the Company will have an undivided 100% interest in the Asumura property subject to a 3.5% net smelter return, 50% of which may be purchased for US\$2 million.

11,270 shares were issued to HDG as finder's fees with respect to the Asumura property.

Update on the Property:

Keegan reported various results from its soil program at the Asumura Project in Southwest Ghana as follows:

- (a) Previously, Keegan reported the discovery of a 12 square kilometer area drained by stream sediments highly anomalous in gold: seven of 20 stream sediment samples assayed better than 100 ppb gold.

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The new results come from Keegan's first widely spaced soil grid within this anomalous area. Keegan has collected 772 soil samples in this grid, 327 of which returned assays. The most remarkable result is the discovery of the Manu 1 soil anomaly, which is a strikingly linear WNW trending anomaly consisting of 12 samples: four assay between 100 and 244 ppb gold and eight assay better than 25 ppb Au. The soils occur along three NW oriented lines spaced 150 and 500 meters apart and one NE oriented cross line. Keegan collected samples along these lines at 25 meter spacing. Three of these four lines carry greater than 100 ppb Au. In total the anomaly is 1.4 km long, 50 to 80 meters wide and open for expansion.

The anomalous samples come from lateritic soils from both the tops and sides of ridges. This, plus the striking linearity of the anomaly suggests that the soil anomaly is caused by in situ mineralization related to faulting rather than a gold transport mechanism.

Keegan has completed its US\$80,000 first years' work commitment and will now accelerate its work programs with the goal of developing drill targets on the property by third quarter 2005.

- (b) Keegan reported new results from its soil program at the Asumura Project in Southwest Ghana. Keegan has received assays for an additional 643 samples (bringing the total number of soil samples on the Asumura concession to 1943). Of the new assays received, four exceeded 100 ppb Au, six exceeded 50 ppb Au, and 14 exceeded 25 ppb Au.

Further to the above report, whereby a discovery of the Manu 1 Au-in-soil anomaly, a granite-hosted, easterly trending zone 1.4 km long, 50 to 80 meters wide and open for expansion. The new results suggest extensions to the east and west bringing the total length of the Manu 1 anomaly to over three km. The anomaly contains six samples exceeding 100 ppb Au and 12 samples exceeding 25 ppb. The anomalous samples occur on seven, mostly widely spaced, lines that require infill for better definition (map of results may be viewed from www.keeganresources.com).

The new assays also reveal two new anomalies located 4.6 km to the SE and 3.5 km to the ESE of the center of the Manu 1 anomaly. Each of these anomalies contains one or more samples greater than 100 ppb Au and at least nine samples greater than 25 ppb Au. Both anomalies are open in at least two directions. Mafic metavolcanic rocks host the further south anomaly and sedimentary rocks host the further east anomaly. All of the significant anomalies are within 2 km of the western Sefwi greenstone belt boundary (map of results may be viewed from www.keeganresources.com).

- (c) Keegan received assays for an additional 383 soil samples bringing the total number of soil sample assays on the Asumura concession to 2317. Of the new assays received,

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seven exceeded 100 ppb Au including the two single highest assays to date, 1412 ppb Au and 495 ppb Au. Keegan crews have kept a careful record of soil types: all of the 19 samples exceeding 100 ppb Au from the complete sample set are of laterite type, lacking in alluvial material or obvious transported fragments.

These results provide further confirmation that the Manu 1 Au-in-soil anomaly remains continuous along its 3.4-kilometer EW trending strike length, with a single new infill line having a high assay of 226 ppb Au directly on trend with the anomaly. The results also reveal two new parallel EW trending anomalies 700 meters (Manu 2) and one km (Manu 3) north of Manu 1. Manu 2 consists of two samples assaying 156 and 253 ppb Au taken 600 meters apart from separate lines. It is open to the west. Manu 3 consists of two samples assaying 1412 and 253 ppb Au taken 880 meters apart sampled from separate lines. It is open to both east and west.

Other results from the most recent assays include three greater-than-100 ppb Au assays returned from follow-up samples taken 7 km NNW and 14 km SSW of the Manu anomalies, well out into the basement sediments.

Keegan plans to define the Manu 1, 2, and 3 anomalies with 100-meter spaced NS lines. It will be using three soil crews to undertake the substantial amount of sampling required and the company is planning an IP grid in the area along the same lines. Keegan will use a separate crew to follow up on the anomalies to the south and west.

Keegan has updated maps showing the new results and the next planned lines at www.keeganresources.com starting on August 16.

- (d) Keegan reported the completion of the second phase geochemistry program at its Asumura Project in southwest Ghana. The program followed up and infilled gold-in-soil anomalies announced in previous press releases. The new results show three distinct anomalies in the Twiapasi, Wagyakrom and Mangoase areas. The next phase will include further soil sampling, induced polarization testing and augur drilling.

The anomalies include:

- Twiapasi - 1500 meters long and varies in width from 50 to 500 meters with near continuous 25 – 1400 ppb Au-in-soil values and is open to the west and is in fact at its widest and strongest on its farthest west line.
- Wagyakrom - 500 X 750 metres in size with near continuous 25-500 ppb Au in soil values. It is open and at its strongest in its NE quarter.

Keegan also completed a pilot IP study on the Wagyakrom anomaly that shows a strong coincident resistivity anomaly and moderate chargeability anomaly both of which continue to the NE. Keegan plans to use additional soils and IP to further expand and define these anomalies as

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well as conducting a test augur sampling program designed to penetrate the masking duracrust separating the anomalous laterite soils from the bedrock.

Keegan also recently received preliminary approval from the Ghanaian government to convert its holdings from reconnaissance to exploration concessions allowing trenching and drilling to proceed.

The Asumura Project consists of a 280 square kilometer reconnaissance concession located 65 km southwest of Newmont's (NYSE: NEM; TSX:NMX) Ahafo gold district (proven and probable reserves of 10.6 M oz at an average gold grade of 0.068opt (1.92g)). Vincent Dzakpasu, a qualified member of the Institute of Mining and Metallurgy in the United Kingdom is Keegan's QP on the property. TWL Labs in Tarkwa, Ghana performed all of the assays.

Vincent Dzapasu is Keegan's Qualified Person for the Asumura project. Mr. Dzapasu is a qualified member of the Institute of Mining and Metallurgy in the United Kingdom. All of the assays were performed at SGS Labs and TWL Labs in Ghana.

4. Fri Gold Project

The Company entered into an option agreement dated May 31, 2005 with Gerald Baughman and Fabiola Baughman pursuant to which the Company has the option to acquire 100% interest in the Fri gold project located in Nye County, Nevada, under the following terms:

- i) deliver cash payments totaling US\$285,000 over five years (US\$60,000 in the first year, of which, US\$20,000 was paid during the period);
- ii) issue 500,000 common shares of the Company over five years (125,000 common shares in the first year, of which, 25,000 shares have been issued during the period); and
- iii) expend US\$3 million in work expenditures on the Fri property over the next five years (US\$300,000 in the first year).

After meeting these commitments, the Company will have an undivided 100% interest in the Fri property subject to a 2.5% net smelter return royalty payable to GTE, 60% of which (net purchase of 1.5%) may be purchased back by the Company for US\$3 million.

Update on the Property:

At the Fri property, Keegan completed a first phase of alteration mapping and surface rock chip sampling (167 samples). In the process, Keegan discovered an extensive new zone of mineralization one mile west of the existing claims. The new zone contains high-level epithermal alteration (sinter and bladed calcite) similar to that seen above the Round Mountain (> 8.2 Moz production) and other epithermal deposits in the Walker Lane epithermal gold belt. Gold numbers as high as 1582 ppb Au (seven samples greater than 100 ppb Au) returned from 24 samples in this new

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zone. As a result, Keegan has staked an additional 24 claims in the area now referred to as the West Claims (see www.keeganresources.com for details)

In the previously controlled East claims, Keegan mapped epithermal alteration, extensive areas of porphyry-style (skarn and granodiorite hosted quartz-feldspar stockwork veins), and abundant quartz-sericite-clay alteration with fault gouge and quartz veins associated with faults. Assays up to 1151 and 552 ppb Au returned from quartz veins and limonitic gouge from the East Claims.

The Fri property occurs within 3 miles of the Hall Mo-Cu-(Au) Mine and 30 miles from the epithermal Round Mountain Mine where over 8.3 Moz Au has been produced (Kinross website). A 1972 drillhole at FRI intercepted 20 feet @ 6.1 g/t Au, 8 feet @ 3.3 g/t Au and 10 feet @ 2.3 g/t Au and has no step-out holes.

Richard Haslinger, P.Eng. is Keegan's acting Qualified Person for the Fri project.

1.3 Selected Annual Information

	2005	2004	2003
	\$	\$	\$
Revenues	3,721	9,781	10,369
Net loss	629,372	55,857	31,563
Loss per share, basic and diluted	0.09	0.01	0.01
Total assets	1,288,330	454,423	483,806
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

During fiscal 2003, the Company was a CPC and its principal business was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses ("a Qualifying Transaction") and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. Until the completion of a Qualifying Transaction, the Company would not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. In 2003, trading in the shares of the Company was suspended due to the Company's failure to complete a Qualifying Transaction within eighteen months of its listing.

During fiscal 2004, the common shares of the Company commenced trading on the NEX while the Company was in the process of finding a suitable business for its Qualifying Transaction. NEX is a separate board of the Exchange for companies which were previously listed on the Exchange which have failed to maintain compliance with the ongoing financial listing standards of the Exchange. NEX was created so publicly listed shell companies may still continue to trade their securities while they seek and undertake transactions to complete their reactivation.

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During fiscal 2005, the Company completed its Qualifying Transaction through the acquisition of interests in resource properties. See *Item 1.2 – Over-all performance – Year in Review* for a full disclosure on the Qualifying Transaction. As a result, the Company is no longer considered a capital pool company and its principal business is the acquisition and exploration of resource properties. The Company's listing has been transferred from NEX to TSX Venture under a Tier 2 issuer classification. In conjunction with the completion of the Qualifying Transaction, the Company changed its name from Quicksilver Ventures Inc. to Keegan Resources Inc.

1.4 Results of Operations

During the period, the Company reported a loss of \$777,114 or \$0.10 per share compared to a loss of \$156,156 or \$0.025 per share during the same period in the previous year, an increase in loss by \$620,958. The increase in loss was primarily attributable to various expenses incurred in the acquisition of resource properties. In addition, during the period, the Company recorded compensation expense of \$345,187 for stock options granted to directors, officers and consultants.

Total revenues during the period were \$1,760 compared to \$1,069 during the same period in the previous year, all of which was derived from interest income.

Administrative expenses during the period were \$775,811 compared to \$135,849 during the same period in the previous year, an increase in expenses by \$639,962. The increase in administrative expenses resulted from compensation expense of \$345,187, increases in consulting fees by \$188,482, office, rent and administration by \$18,675, regulatory fees by \$2,475, transfer agent and shareholder information by \$47,086 and travel and promotion by \$47,205, partially offset by a decrease in professional fees by \$12,915.

During the period, the Company recorded compensation expense of \$345,187 for stock options granted to directors and consultants.

The increase in consulting fees by \$188,482 during the period was a result of various consulting agreements entered into by the Company with its President & CEO, Corporate Secretary and consultants performing investor relations services. In addition, the Company paid fees to various parties in connection with the Company's acquisition of its interests in resource properties.

The increase in office, rent and administration by \$18,675 was a result of the Company's signing of a lease agreement for its office premises in Vancouver for \$3,767 per month and monthly rental of US\$775 per month for its Reno office. The Company also incurred expenses of \$7,000 for its directors and officers' liability insurance and other expenses such as office and computers' maintenance, printing and supplies.

Regulatory fees increased by \$2,475 due to a fee paid to the Exchange for the Company's filing of an agreement in connection with its acquisition of an interest in a resource property.

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Transfer agent and shareholder information expenses increased by \$47,086 as a result of fees paid to various media publishers for increased investor awareness and wide distribution of the Company's press releases as well as corporate profiles created for shareholder information.

The increase in travel and promotion by \$47,205 was a result of various mining conferences and road shows as well as various travels by the Company's directors. In addition, the Company's consultants incurred travel expenses during the evaluation of various resource properties.

Professional fees decreased by \$12,915 as the Company incurred various legal and accounting costs during the prior period in connection with the Company's Qualifying Transaction.

1.5 Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Revenues	Net Loss	Loss per share
September 30, 2005	\$ 1,760	\$777,114	\$ 0.10
June 30, 2005	\$ 1,013	\$327,447	\$ 0.04
March 31, 2005	\$ 3,721	\$629,372	\$ 0.09
December 31, 2004	\$ 2,224	\$271,237	\$ 0.04
September 30, 2004	\$ 1,069	\$156,156	\$ 0.03
June 30, 2004	\$ 603	\$ 77,524	\$ 0.01
March 31, 2004	\$ 2,087	\$ 21,265	\$ 0.01
December 31, 2003	\$ 2,326	\$ 8,906	\$ 0.00

During the most recent four fiscal quarters, the Company has been investigating various potential resource property acquisitions and completed its Qualifying Transaction during the fourth quarter in 2005. See *Item 1.2 – Over-all performance*.

1.6/1.7 Liquidity and Capital Resources

The Company reported a working capital deficiency of \$604,589 at September 30, 2005 compared to a working capital of \$664,231 at March 31, 2005, representing a decrease in working capital by \$1,268,820. As at September 30, 2005, the Company had net cash on hand of \$151,882 compared to \$674,917 at March 31, 2005. Financing for the Company's operations was funded primarily from non-brokered private placements carried out during the year ended March 31, 2005 of 3,200,000 common shares at \$0.10 per share for gross proceeds of \$320,000 and 870,500 units at \$0.75 per unit for gross proceeds of \$652,875.

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Current assets excluding cash at September 30, 2005 increased by \$7,582, from \$38,227 at September 30, 2004 to \$45,809 at September 30, 2005. The increase in current assets is attributable to an increase in goods and services taxes recoverable by \$7,582.

Current liabilities as at September 30, 2005 increased by \$753,367 which consist of accounts payable and accrued liabilities of \$230,306 and share subscriptions of \$571,975.

The following shows the Company's contractual obligations:

Contractual Obligation	Total	1-3 years	4-5 years	After 5 years
Lease commitments ⁽¹⁾	\$205,512	\$142,306	\$63,206	\$Nil

⁽¹⁾ The Company has entered into lease agreements for its office premises.

Net changes in non-cash working capital balances generated \$173,810 of cash for the six months ended September 30, 2005, decreasing cash utilized in operating activities to \$253,067. During the prior period, net changes in non-cash working capital balances utilized \$13,290 of cash, increasing cash utilized in operating activities to \$167,253.

During the period, the Company utilized an aggregate of \$177,592 of its cash for the acquisition of various interests in resource properties and utilized \$664,351 of its cash for deferred exploration. During the same period in the previous year, the Company utilized \$44,807 of its cash to purchase equipment and for leasehold improvements.

During the period, the Company generated net cash of \$571,975 from various share subscriptions to the private placement currently being carried out by the Company. During the same period in the previous year, the Company generated net cash of \$371,450 from share issuances by way of a non-brokered private placement and exercise of options.

Financing for the Company's operations was funded primarily from private placements. The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future. The Company has just recently acquired interests in resource properties and its overall success will be affected by its current or future business activities.

The Company is in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The

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continued operations of the Company and the recoverability of expenditures incurred to earn an interest in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

The Company's issued and outstanding share capital as at September 30, 2005 is as follows:

	Number of shares	Amount
Balance, March 31, 2004	3,465,000	\$ 432,855
Private placements	4,070,500	972,875
Finders' fees on private placements	33,900	25,425
Exercise of options	100,000	15,000
Resource properties	341,159	295,486
Less share issuance costs	—	(67,313)
Balance, March 31, 2005	8,010,559	1,674,328
Finders' fees and consideration for acquisition of Interest in resource properties	236,059	203,336
Balance, September 30, 2005	8,246,618	\$ 1,877,664

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the year, the Company paid or accrued \$13,848 (2004 - \$13,083) for legal fees to a company controlled by a director and officer of the Company.

The Company has entered into a consulting agreement with a director and officer of the Company in the amount of US\$6,667 per month. During the period, the Company paid consulting fees of \$48,658 (2004 - \$nil) under this agreement.

The Company has entered into a consulting agreement with an officer of the Company in the amount of CAD\$3,333 per month. During the period, the Company paid consulting fees of \$15,000 (2004 - \$nil) under this agreement.

1.10 Second Quarter and Subsequent Events

During the second quarter, the Company obtained Exchange acceptance with regard to its Regent Gold Silver Project. See item 1.11 Proposed Transactions for a full disclosure on this property agreement.

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During the second quarter, Stacey Bligh resigned as Corporate Secretary and Company Officer Gordon Fretwell will perform the duties of Corporate Secretary in addition to his duties as CFO and director.

Subsequent to the period, the Company completed a non-brokered private placement of up to 3,000,000 units of the Company at a price of \$0.80 per unit for gross proceeds of up to \$2,400,000. Each unit will consist of one common share and one non-transferable share purchase warrant, entitling the holder to purchase within two years one additional common share of the Company at a price of \$1 per share. The warrants will be subject to an acceleration clause whereby if the shares of the Company trade above \$2 for a period of 10 consecutive trading days, the Company will have the option to require the earlier exercise of the warrants within 30 days of formal notice from the Company.

An aggregate of \$160,000 was paid to various finders in connection with the financing. In addition, an aggregate of 104,000 brokers' warrants were granted on the same terms as the private placement warrants.

1.11 Proposed Transactions

No disclosure necessary.

1.12 Critical Accounting Estimates

Not applicable.

1.13 Changes in Accounting Policies including Initial Adoption

Asset retirement obligations

The Canadian Institute of Chartered Accountants ("CICA") recently issued a new section in the CICA Handbook, section 3110, Asset retirement obligations, which was effective July 1, 2004. The standard focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for the accretion of discount and any changes in the underlying cash flows. The asset retirement cost is to be capitalized to the related asset and amortized into earnings over time. Adoption of this standard has not affected the Company's financial statements.

1.14 Financial Instruments and Other Instruments

The carrying amounts of cash and cash equivalents, goods and services taxes recoverable, prepaid expenses and deposits, accounts payable and accrued liabilities and share subscriptions approximate fair value because of the short-term maturity of these items.

KEEGAN RESOURCES INC.

(formerly Quicksilver Ventures Inc.)

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1.15 Other Requirements

Additional disclosures pertaining to the Company's filing statement, technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board,

"Gordon Fretwell"

Gordon Fretwell
Director & CFO
November 18, 2005