

GOLDBROOK VENTURES INC.
FINANCIAL STATEMENTS

April 30, 2011

(Audited)

AUDITORS' REPORT

BALANCE SHEET

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of

GOLDBROOK VENTURES INC.

Report on the Financial Statements

We have audited the accompanying financial statements of GOLDBROOK VENTURES INC. which comprise the balance sheet as at April 30, 2011 and 2010, and the statement of loss and comprehensive loss, statement of deficit and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of GOLDBROOK VENTURES INC. as at April 30, 2011, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

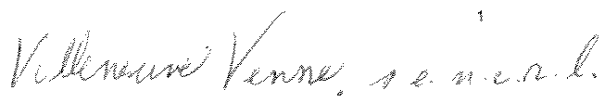
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred loss since inception of \$23,266,264, and the Company will need additional funds to continue to explore and if exploration is successful, to develop its properties. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 19, point 2) in the financial statements which indicates that a petition was filed by the Company in the Supreme Court of British Columbia against Jien Canada, Jilin Lien, JJ Holdco and Canadian Royalties seeking a declaration that the affairs of Jien Canada have been and are being conducted in a manner that is oppressive or unfairly prejudicial to the Company or which unfairly disregards the interests of the Company (Note 9). The petition seeks relief including that Jilin Jien be required to purchase the Company's shares in JCML at fair value.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which explain that certain comparative information for the year ended April 30, 2010 has been restated.

 Yveline Venne, s.e.n.c.r.l.¹

Montreal, August 29, 2011

¹ By Yves Lacroix, chartered accountant auditor

**GOLDBROOK VENTURES INC.
BALANCE SHEET**

	April 30	
	<u>2011</u>	<u>2010</u> <i>(Restated)</i>
ASSETS		
Current Assets		
Cash	\$ 109,531	\$ 4,644,286
Cash for exploration (Note 10)	-	9,406,238
Accounts receivable (Note 4 & Note 10)	207,006	6,525,402
Prepaid expenses	231,795	64,325
Prepaid exploration contribution	338,393	-
Inventory (Note 6 & Note 10)	-	1,148,664
Total Current Assets	887,725	21,788,915
Marketable Securities (Note 5)	5,100	3,450
Investment available for sale (Note 9)	1,751,160	-
Investment in Company Subject To Significant Influence (Note 9)	-	2,544,660
Participation in Joint Venture (Note 10)	36,482,894	-
Deposits on Mineral Properties	-	181,273
Mineral Properties (Note 8)	37,791	33,651,831
Property and Equipment, net (Note 7)	53,022	70,370
TOTAL ASSETS	\$ 39,217,692	\$ 58,240,499
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 1,708,815	\$ 842,206
Deferred exploration contribution (Note 10)	-	17,532,405
	1,708,815	18,374,611
Shareholders' Equity		
Authorized: unlimited common shares and unlimited preferred shares		
Issued – 183,853,171 common shares		
(April 30, 2010 – 182,654,041 common shares) (Note 11(b))	45,632,690	45,340,032
Common share purchase warrants outstanding (Note 11(f))	10,673,150	10,689,400
Contributed surplus (Note 16)	4,497,201	4,412,051
Accumulated other comprehensive loss (Note 12)	(27,900)	(29,550)
	60,775,141	60,411,933
Deficit, accumulated during the development stage	(23,266,264)	(20,546,045)
Total Shareholders' Equity	37,508,877	39,865,888
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 39,217,692	\$ 58,240,499

APPROVED ON BEHALF OF THE BOARD:

("sgd") "David Baker"

("sgd") "Earl Terris"

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

**GOLDBROOK VENTURES INC.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

	Year Ended April 30,	
	<u>2011</u>	<u>2010</u> <i>(Restated)</i>
GENERAL & ADMINISTRATIVE EXPENSES		
Depreciation on property and equipment	\$ 17,348	\$ 18,330
Consulting fees (Note 17)	561,836	822,350
Financing costs (Note 11)	220,108	967,500
Management fees	694,862	870,720
Office and general expenses (Note 17)	588,978	650,834
Professional fees (Note 17)	2,117,547	172,835
Regulatory fees & services	29,427	30,331
Shareholders' communication, travel & promotion (Note 17)	478,233	523,362
Stock option compensation	135,000	1,020,000
Wages and benefits	305,825	599,302
Total General and Administration Expenses	<u>(5,149,164)</u>	<u>(5,675,564)</u>
LOSS BEFORE OTHER ITEMS	(5,149,164)	(5,675,564)
OTHER ITEMS		
Interest income	50	477
Operator's fee	1,400,000	1,228,916
Gain from transferring properties to Joint Venture	1,822,395	-
Gain from sale of investments	-	2,480,463
Share of loss of company subject to significant influence (Note 9)	(793,500)	(1,207,866)
	<u>(793,500)</u>	<u>(1,207,866)</u>
NET LOSS BEFORE COMPREHENSIVE INCOME	(2,720,219)	(3,173,574)
OTHER COMPREHENSIVE INCOME		
Unrealized gain from marketable securities	1,650	450
Reverse of unrealized loss recognized previously on marketable securities disposed during the year	-	227,037
	<u>-</u>	<u>227,037</u>
COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (2,718,569)</u>	<u>\$ (2,946,087)</u>

The accompanying notes are an integral part of these financial statements

**GOLDBROOK VENTURES INC.
STATEMENT OF DEFICIT**

	Year Ended April 30, <u>2011</u>	<u>2010</u> <i>(Restated)</i>
DEFICIT, BEGINNING OF YEAR AS PREVIOUSLY STATED	\$ (22,781,856)	\$ (18,356,569)
PRIOR YEAR'S RESTATEMENT (Note 3)	2,235,811	984,098
DEFICIT, BEGINNING OF YEAR AS RESTATED	(20,546,045)	(17,372,471)
NET LOSS FOR THE YEAR	(2,720,219)	(3,173,574)
DEFICIT, END OF YEAR	\$ (23,266,264)	\$ (20,546,045)
Weighted Average Common Shares Outstanding		
- Basic and diluted	183,332,835	179,941,269
LOSS PER COMMON SHARE		
- Basic and diluted	\$ (0.02)	\$ (0.02)

The accompanying notes are an integral part of these financial statements

**GOLDBROOK VENTURES INC.
STATEMENT OF CASH FLOWS**

	Year Ended April 30,	
	<u>2011</u>	<u>2010</u> <i>(Restated)</i>
FUNDS DERIVED FROM (Applied to)		
Operating Activities		
Comprehensive loss for period	\$(2,718,569)	\$(2,946,087)
Items not involving cash		
Depreciation on property and equipment	17,348	18,330
Gain from sale of investments	-	(2,480,463)
Financing costs by issuing common shares	107,608	452,500
Stock option compensation	135,000	1,020,000
Share of loss of company subject to significant influence	793,500	1,207,866
Gain from transferring properties to Joint Venture	(1,822,395)	-
Other comprehensive income	(1,650)	(227,487)
	<u>(3,489,158)</u>	<u>(2,955,341)</u>
Changes in non-cash working capital balances		
(Increase) Decrease in accounts receivable	575,581	(627,533)
Increase in prepaid expenses	(506,863)	(10,730)
Decrease in inventory	(766,870)	404,469
Increase in accounts payable	1,021,838	743,108
Deferred exploration contribution	(9,896,493)	5,030,514
	<u>(13,061,965)</u>	<u>2,584,487</u>
Investing Activities		
Deposits for mining camp services	181,273	(181,273)
Mineral properties	(238,050)	(26,407)
Participation in Joint Venture	(941,201)	-
Investment in company subject to significant influence	-	(26)
Purchase of capital assets	-	(30,376)
	<u>(997,978)</u>	<u>(238,082)</u>
Financing Activities		
Common shares issued	118,950	470,065
	<u>118,950</u>	<u>470,065</u>
Cash, Increase (decrease) during the year	<u>(13,940,993)</u>	<u>2,816,470</u>
CASH, BEGINNING OF YEAR		
Cash	4,644,286	5,204,353
Cash for exploration	9,406,238	6,029,701
Total cash, beginning of year	<u>14,050,524</u>	<u>11,234,054</u>
CASH, END OF YEAR		
Cash	109,531	4,644,286
Cash for exploration	-	9,406,238
Total cash, beginning of year	<u>\$ 109,531</u>	<u>\$ 14,050,524</u>

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

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 1. Nature of Operations and Going Concern

The Company was incorporated as Goldbrook Explorations Inc. on May 20, 1983, in the Province of Ontario, Canada. On July 22, 2002, the Company changed its name to Goldbrook Ventures Inc. On April 14, 2003, the Company was granted a Certificate of Continuation under the Company Act of British Columbia.

The Company is a development stage enterprise in the process of exploring properties and has not yet determined whether the properties contain economically recoverable ore reserves. The recovery of the amounts shown as acquisition costs of mineral properties and the related deferred exploration costs is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mining claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. No feasibility studies have been undertaken on mining properties. However a NI43-101 report prepared in September 2009 and updated on November 2010.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses since inception of \$23,266,264, and the Company will need additional funds to continue to explore and, if exploration is successful, to develop its properties. These factors create substantial doubt as to the ability of the Company to continue as a going concern unless sufficient funds are raised for ongoing operations. The Company intends to raise funds by private placements. Realization values may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. (GAAP)

(b) Translation of Foreign Currency

The Company utilizes the temporal method that translates assets, liabilities, revenues and expenses in a manner that retains their basis of measurement in terms of the Canadian dollar, which is used as the unit of measurement. In particular:

- (i) monetary items are translated at the rate of exchange in effect at the balance sheet date;
- (ii) non-monetary items are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the rate of exchange in effect at the balance sheet date;
- (iii) revenue and expense items are translated at the rate of exchange in effect on the dates they occur;
- (iv) depreciation or amortization of assets translated at historical exchange rates are translated at the same exchange rates as the assets to which they relate;
- (v) exchange gains or losses arising on conversion are included in other income or expense.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 2. Summary of Significant Accounting Policies (cont'd)

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions, based on the best information judgment, 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 reporting period. These estimates include the life of property and equipment, assumption used in calculation of stock option compensation, the evaluation of the investment available for sale, and the investment in the Joint Venture. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(d) Financial Instruments

Recognition and Measurement – Impact of adopting Sections 3855 and 3861

The Company classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, and other liabilities are measured at amortized cost. Available for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of loss.

Comprehensive Income – Impact of adopting Section 1530

The Company's financial statements include a Statement of Comprehensive Loss integrated with the statement of operations, which includes the components of comprehensive income. For the Company, other comprehensive income ("OCI") is comprised of the unrealized gains on available-for-sale financial assets arising during the year.

Cumulated changes in OCI are included in Accumulated Other Comprehensive Income ("AOCI"), which is presented as a category within shareholders' equity on the balance sheet.

Hedges (CICA Handbook Section 3865)

The Company has not designated any hedging relationships.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 2. Summary of Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company's currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended April 30, 2011. The Company is not subject to externally imposed capital requirements.

Financial Instruments - Disclosures and presentation

As a result of adopting EIC-173 as at January 1, 2009, the Company quantified the impact of credit risk when calculating the fair value of financial assets and liabilities. The Application of the EIC did not have an effect on the Company's financial statements.

As at April 30, 2011, the Company's financial instruments consisted of cash, accounts receivable, marketable securities, accounts payable, accrued liabilities, and deferred exploration contribution. With respect to all of these financial instruments, the Company estimates that the fair value of these financial instruments approximates the carrying values as at April 30, 2011.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 2. Summary of Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

Cash and cash equivalents are subject to floating interest rates. As at April 30, 2011, if interest rates had decreased/increased by 1% with all other variable held constant, there will be no significant impact on the financial statements.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of mineral commodities. As of April 30, 2011, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include currency, credit, interest rate and liquidity risks. Where material, these risks are reviewed and monitored by the Board of Directors.

i) Credit Risk

The Company's credit risk is primarily attributable to cash. Cash is held in a reputable Canadian bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal. The Company places its investment in public company shares in several financial instruments and, limits the amount of credit exposure. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of April 30, 2011, both the carrying and fair value amounts of the Company's financial instruments are the same.

ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Our interest rate risk mainly arises from the interest rate impact on our cash. A change in interest rate would have a minimal effect on the profitability of the Company.

iii) Liquidity Risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they fall due. The Company holds marketable securities and investment available for sale. All liabilities are currently due.

The management objective is to maintain sufficient cash and cash equivalents to ensure that the Company has at its disposal sufficient sources of financing. The Company also establishes budget and liquidity forecasts to ensure that it has to its disposal sufficient funds to meet its financial obligations.

Note 2. Summary of Significant Accounting Policies (cont'd)

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

(d) Financial Instruments (cont'd)

iv) Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments measured at fair value in the year use Level 1 and Level 2 valuation techniques, and investment for sale measured at fair value in the year use Level 3 valuation technique. There have been no transfers between fair value levels during the year.

v) Foreign Currency Risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. The velocity of the foreign currency is monitored and foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Company's financial instruments recorded on its balance sheet.

(e) Investments Available for Sale

Investments in equity instruments that do not have a quoted market price in an active market have been measured at cost.

(f) Environmental Issues

The Company is not aware of any environmental studies made and of any present or past obligations.

The operations of the company may in the future be affected from time to time to varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the company vary greatly and are not predictable. The company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 2. Summary of Significant Accounting Policies (cont'd)

(g) Recognition Criteria

Items recognized in these financial statements are accounted for in accordance with the accrual basis of accounting which recognizes the effect of transactions and events in the period in which they occurred. Operator's fees revenue are generally recognized when performance is achieved and reasonable assurance regarding measurement and collectibility of the consideration exists. Gains are generally recognized when realized. Expenses and losses are generally recognized when an expenditure or previously recorded asset has no future economic benefit.

(h) Valuation of Inventory – Impact of adopting Section 3031

The Company has adopted the Section 3031 for the valuation of inventories at the lower of cost and replacement cost. The new standard had no impact on the Company's financial statements.

(i) Mineral Properties Acquisition Costs and Deferred Exploration Costs

EIC-174, Mining Exploration Costs, provides guidance on the capitalization of exploration costs and the impairment review of exploration costs. The adoption of EIC-174 had no impact on the Company's financial statements.

- i) The Company capitalizes all deferred exploration costs that are associated with the properties until such time as the properties are either placed into production or title is lost or abandoned. Quebec corporate tax credits and mining duties credits based on exploration expenses incurred on Quebec properties are recorded as a decrease to deferred exploration costs. When properties are brought into production, associated costs are amortized over the useful life of the properties. When title is lost or abandoned, the associated costs are written off.
- ii) Acquisition costs of mineral properties are capitalized by the Company, and are dealt with in the same manner as deferred exploration costs in (i) above. Mineral property sale proceeds or option payments received for exploration rights are credited to Statement of Loss as revenues.
- iii) An impairment loss is recognized when the carrying amount of mineral properties is not recoverable and exceeds its fair value.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 2. Summary of Significant Accounting Policies (cont'd)

(j) Participation In The Joint Venture

The Company recognizes its interests in the Joint Venture by using the proportionate consolidation method as following:

- i) recognizing its share of the assets and its share of the liabilities of the Joint Venture in its balance sheet; and
- ii) recognizing its share of the revenue and its share of the expenses of the Joint Venture in its Statement of Loss.

(k) Stock Option Compensation

The Company has adopted in 2004 the CICA Handbook Section 3870, "Stock-based compensation and other stock-based payments", effective April 1, 2004. This Section establishes accounting standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions and applied to awards granted on or after April 1, 2004. The Company, as permitted by Handbook Section 3870, has elected to account for all stock options granted to non-employees and employees by applying the fair value based method of accounting. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of the grant. Stock options are accounted immediately as an expenses at the time they are granted without any delay for the rights.

(l) Property and Equipment

The Company depreciates its equipment on the declining balance method, at the following rates per year based upon their estimated useful lives.

Office equipment and leasehold improvement	20%
Computer equipment	30%

Leasehold improvement is being depreciated on 5-year straight line basis.

(m) Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets, which consist primarily of property and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying values of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 2. Summary of Significant Accounting Policies (cont'd)

(n) Asset Retirement Obligations

Future obligations to retire an asset include dismantling, remediation and ongoing treatment and monitoring of the site are discounted to their net present value using a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings. The amount of the asset retirement liability initially recognized is capitalized as part of the asset's carrying value and amortized over the asset's estimated useful life. Future asset retirement obligations are only recorded when the timing or amount of remediation costs can be reasonably estimated.

The future asset retirement obligations are unknown at this time. An environmental study will be conducted for the Joint Venture properties in the 2011 exploration program.

(o) Income Taxes

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantively enacted, as applicable, income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed on a regular basis and adjusted, if necessary, by use of valuation allowances to reflect the estimated realizable amount.

(p) Loss Per Common Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the stock options and warrants that are used to purchase common shares at the average market price during the year. During the year ended April 30, 2011, all of the outstanding stocks are antidilutive (Note 15).

(q) Mining Properties Options Agreement

When the venturers are not related prior to the transfer to a joint venture, the transfer by the Company to a joint venture of a working interest in its mining properties constitutes a change in the risk of the cash flows the Company expects to receive. Accordingly, the transfer has commercial substance and is measured at fair value. For working interest in mining properties in exploration and evaluation phase, the Company considers that the carrying amount of net assets transferred by venturers to the joint-venture provide a good indication of fair value.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 2. Summary of Significant Accounting Policies (cont'd)

(r) Future Accounting Policies

Canada's Accounting Standards Board ratified a plan that will result in Canadian GAAP being converged with International Financial Reporting Standards ("IFRS") by 2011. Management has performed a preliminary analysis and highlighted areas where its current Canadian accounting practices differ from IFRS. The impact of the implementation of IFRS to the Company's financial statements may arise from the possible adjustment to deferred tax liabilities relating to the flow-through shares issued in prior years.

Note 3. Prior Year's Adjustment

In the April 30, 2009 financial statements, \$984,098 should have been recorded as operator's fee income. The net loss would have been decreased by \$984,098 and mineral properties would have been increase by \$984,098. At the same time, the payment from the joint venture partner should have been increased by \$984,098 and the deferred exploration contributions should have been decreased by \$984,098. The items affected by these adjustments have been corrected retroactively.

In the April 30, 2010 financial statements, capital tax expense of \$35,811 that were originally recorded as expenses in the statement of loss and comprehensive loss should have been recorded in mineral properties, and \$1,215,902 operator's fee should have been recorded as operator's fee income. The net loss would have been decreased by \$1,251,713 and mineral properties would have been increase by \$1,251,713. At the same time, the payment from the joint venture partner should have been increased by \$1,251,713 and the deferred exploration contributions should have been decreased by \$1,251,713. The items affected by these adjustments have been corrected retroactively.

In the April 30, 2010 financial statements, the 2009 and 2010 Quebec corporate tax credits and Quebec mining duties credits in the amount of \$10,472,549 was included in the Accounts Receivable. Based on the fact that the partner of the joint venture project has the exploitation status worldwide, the eligible Quebec tax credit rate is only 18.5% instead of the originally determined 28.5%. As a result, during the current year, amended 2009 and 2010 Quebec corporate tax returns and Quebec mining duties returns were filed and the tax credits have been determined to reduce to \$6,414,901 (Note 8(i)). The accounts receivable would have been decreased by \$4,057,648 and mineral properties would have been increase by \$4,057,648. At the same time, the payment from the joint venture partner should have been increased by \$4,057,648 and the deferred exploration contributions should have been decreased by \$4,057,648. The items affected by these adjustments have been corrected retroactively.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 4. Accounts Receivable

The followings are included in accounts receivable:

	April 30,	
	2011	2010 <i>(restated)</i>
GST/HST receivable	\$ 207,006	\$ 85,948
QST receivable	-	18,349
Quebec Mining Duties credit receivable (Note 8(i))	-	6,204
Tax credits receivable from joint venture partner (Note 8(i))	-	6,414,901
Total	\$ 207,006	\$ 6,525,402

Note 5. Marketable Securities

As at April 30, 2011, the Company had available for sale securities as follows:

	April 30, 2011			April 30, 2010		
	# of shares	Cost	Market value	# of shares	Cost	Market value
<u>Common Shares</u>						
Resolve Ventures Inc.	15,000	\$33,000	\$5,100	15,000	\$33,000	\$3,450

Note 6. Inventory

	April 30, 2011	April 30, 2010
Fuel inventory	\$ -	\$1,148,664

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 7. Property and Equipment

April 30, 2011	Cost	Accumulated Depreciation	Net
Office equipment	\$ 35,153	\$ 21,595	\$ 13,558
Computer equipment	85,398	66,581	18,817
Leasehold improvement	29,497	8,850	20,647
	<u>\$ 150,048</u>	<u>\$ 97,026</u>	<u>\$ 53,022</u>

April 30, 2010	Cost	Accumulated Depreciation	Net
Office equipment	\$ 35,153	\$ 18,207	\$ 16,946
Computer equipment	85,398	58,521	26,877
Leasehold improvement	29,497	2,950	26,547
	<u>\$ 150,048</u>	<u>\$ 79,678</u>	<u>\$ 70,370</u>

Note 8. Mineral Properties

	Balance, April 30, 2010	Increased in the year ended April 30, 2011	Balance, April 30, 2011
(a) Onaman River			
Acquisition costs	\$ 25,845	\$ -	\$ 25,845
Deferred exploration costs			
- Claims maintenance & staking	9,660	2,286	11,946
Total deferred exploration costs	9,660	2,286	11,946
Total Onaman River	<u>35,505</u>	<u>2,286</u>	<u>37,791</u>
(b) Belanger			
Acquisition costs			
- Cash	121,200	-	121,200
- Shares	620,772	-	620,772
Total acquisition costs	741,972	-	741,972
Deferred exploration costs			
- Assays	228,658	-	228,658
- Claims maintenance & staking	144,446	-	144,446
- Consultants	289,377	-	289,377
- Drilling	3,008,223	-	3,008,223
- Equipment and rental	235,468	-	235,468
- Field work & mobilization	9,784,089	-	9,784,089
- Geophysical survey	2,578,581	-	2,578,581
- Legal	54,100	-	54,100
- Field office and general	27,883	-	27,883
- Reports & maps	97,923	-	97,923
- Site visits	13,023	-	13,023
- Fuel and fuel storage	(328,678)	-	(328,678)
- Salaries and wages	484,685	-	484,685
Total deferred exploration costs	16,617,778	-	16,617,778
Mineral exploration credits	(7,217,959)	168,689	(7,049,270)
	\$ 10,141,791	168,689	\$ 10,310,480
Transfer to Joint Venture	-	(10,310,480)	(10,310,480)
Total Belanger	<u>\$ 10,141,791</u>	<u>(10,141,791)</u>	<u>\$ -</u>

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 8. Mineral Properties (cont'd)

	Balance, April 30, 2010	Increased in the year ended April 30, 2011	Balance, April 30, 2011
(c) Nuvilik			
Acquisition costs			
- Cash	\$ 67,033	\$ -	\$ 67,033
- Shares	445,848	-	445,848
Total acquisition costs	512,881	-	512,881
Deferred exploration costs			
- Assays & sampling	8,299	-	8,299
- Claims maintenance & staking	164,958	-	164,958
- Consultants	98,859	-	98,859
- Drilling	37,141	-	37,141
- Equipment & rental	7,593	-	7,593
- Field work & mobilization	299,723	-	299,723
- Geophysical survey	568,992	-	568,992
- Legal	16,606	-	16,606
- Field office & general	28,541	-	28,541
- Reports & maps	8,227	-	8,227
- Site visits	8,253	-	8,253
- Fuel & fuel storage	37,687	-	37,687
- Salaries & wages	43,501	-	43,501
Total deferred exploration costs	1,328,380	-	1,328,380
Mineral exploration credits	(484,232)	-	(484,232)
	1,357,029	-	1,357,029
Transfer to Joint Venture	-	(1,357,029)	(1,357,029)
Total Nuvilik	\$1,357,029	(1,357,029)	\$ -
(d) Ungava			
Acquisition costs			
- Cash	134,828	-	134,828
- Shares	323,736	-	323,736
Total acquisition costs	458,564	-	458,564
Deferred exploration costs			
- Assays	38,305	-	38,305
- Claims maintenance & staking	494,731	-	494,731
- Consultants	228,990	-	228,990
- Drilling	330,479	-	330,479
- Equipment & rental	44,428	-	44,428
- Fees & licenses	2,096	-	2,096
- Field work & mobilization	2,211,962	-	2,211,962
- Geophysical survey	954,785	-	954,785
- Office & general	36,987	-	36,987
- Recoveries	(55,245)	-	(55,245)
- Reports, maps, & general	28,327	-	28,327
- Site visits	12,384	-	12,384
- Fuel & fuel storage	135,308	-	135,308
- Salaries & wages	164,871	-	164,871
Total deferred exploration costs	4,628,408	-	4,628,408
Mineral exploration credits	(1,703,385)	-	(1,703,385)
	3,383,587	-	3,383,587
Transfer to Joint Venture	-	(3,383,587)	(3,383,587)
Total Ungava	\$ 3,383,587	(3,383,587)	\$ -

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 8. Mineral Properties (cont'd)

	Balance, April 30, 2010	Increased in the year ended April 30, 2011	Balance, April 30, 2011
(e) Wakeham			
Acquisition costs			
- Cash	\$ 26,730	\$ -	\$ 26,730
- Shares	1,797,104	-	1,797,104
Total acquisition costs	1,823,834	-	1,823,834
Deferred exploration costs			
- Assays	35,449	-	35,449
- Claims maintenance & staking	220,796	-	220,796
- Consultants	217,010	-	217,010
- Drilling	491,419	-	491,419
- Equipment & rental	79,985	-	79,985
- Field work & mobilization	2,157,980	-	2,157,980
- Geophysical survey	842,485	-	842,485
- Field office & general	45,922	-	45,922
- Recoveries	(1,885)	-	(1,885)
- Reports & maps	20,207	-	20,207
- Site visits	8,336	-	8,336
- Fuel & fuel storage	141,811	-	141,811
- Salaries & wages	153,425	-	153,425
Total deferred exploration costs	4,412,940	-	4,412,940
Mineral exploration credits	(1,660,115)	1,933	(1,658,182)
	4,576,659	1,933	4,578,592
Transfer to Joint Venture	-	(4,578,592)	(4,578,592)
Total Wakeham	\$ 4,576,659	(4,576,659)	\$ -
(f) Masuparia			
Acquisition costs			
- Shares	1,792,040	-	1,792,040
Total acquisition costs	1,792,040	-	1,792,040
Deferred exploration costs			
- Assays	17,479	-	17,479
- Claims maintenance & staking	175,480	-	175,480
- Consultants	123,873	-	123,873
- Drilling	75,252	-	75,252
- Equipment & rental	15,384	-	15,384
- Field work & mobilization	647,430	-	647,430
- Geophysical survey	458,702	-	458,702
- Field office & general	28,685	-	28,685
- Recoveries	(969)	-	(969)
- Reports & maps	13,042	-	13,042
- Site visits	4,000	-	4,000
- Fuel & fuel storage	92,434	-	92,434
- Salaries & wages	88,138	-	88,138
Total deferred exploration costs	1,738,930	-	1,738,930
Mineral exploration credits	(647,712)	-	(647,712)
	2,883,258	-	2,883,258
Transfer to Joint Venture	-	(2,883,258)	(2,883,258)
Total Masuparia	\$ 2,883,258	(2,883,258)	\$ -

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 8. Mineral Properties (cont'd)

	Balance, April 30, 2010	Increased in the year ended April 30, 2011	Balance, April 30, 2011
(g) Bravo			
Acquisition costs			
- Cash	\$ 6,000,000	-	\$ 6,000,000
- 5,000,000 shares @ \$0.33, 2,000,000 shares @ \$0.35, and 4,000,000 share purchase warrants @ \$0.35	2,350,000	-	2,350,000
Total acquisition costs	8,350,000	-	8,350,000
Deferred exploration costs			
- Assays	85,026	-	85,026
- Claims & maintenance	148,015	-	148,015
- Consultants	77,938	-	77,938
- Drilling	890,785	-	890,785
- Equipment & rental	42,225	-	42,225
- Field work & mobilization	3,072,447	-	3,072,447
- Geophysical survey	803,708	-	803,708
- Reports & maps	31,305	-	31,305
- Fuel & fuel storage	(131,631)	-	(131,631)
- Salaries & wages	183,322	-	183,322
Deferred exploration costs	5,203,140	-	5,203,140
Mineral exploration credits	(2,279,138)	65,142	(2,213,996)
	11,274,002	65,142	11,339,144
Transfer to Joint Venture	-	(11,339,144)	(11,339,144)
Total Bravo	\$ 11,274,002	(11,274,002)	\$ -
(h) Raglan Joint Venture Project			
Deferred exploration costs			
- Claims and government fees	1,673,548	1,093,845	2,767,393
- Camp management and logistics	4,182,410	3,112,405	7,294,815
- Contractor support services	296,073	1,349,305	1,645,378
- Drilling	4,010,907	3,257,193	7,268,100
- Equipment, supplies, and consumable	540,322	400,773	941,095
- Fuel and fuel storage	2,094,954	(135,845)	1,959,109
- General administration	122,416	234,584	357,000
- General transport and shipping	63,007	241,478	304,485
- Geochemistry and research analysis	469,516	550,689	1,020,205
- Geophysics and remote sensing	6,617,517	946,664	7,564,181
- Operator's fees	2,200,000	1,400,000	3,600,000
- Permitting and community relations	202,109	93,566	295,675
- Professional services	36,708	24,810	61,518
- Project air support	3,434,093	4,564,554	7,998,647
- Project travel	180,931	318,319	499,250
- Salaries & benefits	2,222,174	924,937	3,147,111
Deferred exploration costs	28,346,685	18,377,277	46,723,962
Mineral exploration credits	(6,414,901)	(2,944,973)	(9,359,874)
Total	21,931,784	15,432,304	37,364,088
Payment from joint venture partner	(21,931,784)	(15,432,304)	(37,364,088)
Total Raglan Joint Venture Project	-	-	-
Total Mineral Properties	33,651,831	(33,614,040)	37,791

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 8. Mineral Properties (cont'd)

(a) Onaman River Property

For the year ended April 30, 2002, these mining leases and patents claims were carried at a nominal value of \$1.00 and represented a 80% interest in the Onaman River Property, Onaman Lake Township, Ontario, subject to 30% net profits royalties on one group and a 10% net profits royalties on the balance of leased claims. The Company wrote-off the nominal value of \$1.00 in the year ended April 30, 2003. As at April 30, 2011, there are seven patents and 33 lease claims which are in good standing.

(b) – (h) Raglan Area Properties – District of Northern Quebec

Since January 31, 2011, the Company has a 50% investment in a Joint Venture that is holding mineral properties in Raglan area, Quebec with total 6,459 claims (647,654 acres).

As at January 31, 2011, Jilin Jien Nickel Industry Co. Ltd. (“Jien”), the option and joint venture partner, has provided funding of \$45 million to the Company, \$12.5 million of which was for the expenditures of the first year, \$15 million of which was for the second year, and \$17.5 million is part of the funding for the third year. In the current year, the Raglan exploration project also received \$3,631,975 Quebec corporate tax credits that have been claimed by Jien.

Jien's option was exercised on January 31, 2011 and that a Joint Venture was formed between Jien and the Company on that date. As such, the Company transferred all its Raglan district properties to the Joint Ventures on January 31, 2011 (Note 10). Effective February 1, 2011, the Joint Venture partner became the operator and the management of the new Joint Venture is under the partner's responsibility. The Company will not earn operator's fees from year 2012.

9,692,171 common shares of the Company have been issued (6,974,999 of which were issued in 2009, 2,228,042 of which were issued in 2010, and 489,130 of which were issued during the current year) and a \$1,132,500 cash finder's fee has been paid (\$505,000 of which was paid in 2009, \$515,000 of which was paid in 2010, and \$112,500 of which was paid in current year) to a third party in connection with the Agreement and in accordance with the policies of the TSX Venture Exchange. The value of the common shares issued in lieu of finder's fee have been recorded as financing costs while the cash finder's fee has been capitalized as deferred expenses.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 8. Mineral Properties (cont'd)

(i) Mineral Exploration Credits

As a result of the Joint Venture incurring exploration expenditures on its Quebec mineral properties, the Joint Venture has Quebec corporate tax credits and Quebec mining duties credits of \$23,116,651, which is accumulated from 2004 when the Company started to incur exploration expenses to 2011 with the three years' joint venture project. As at April 30, 2011, \$4,657,494 Quebec corporate tax credits and Quebec mining duties credits for 2009 and 2010 have been claimed but not received according to the 2009 and 2010 amended Quebec tax returns (Note 8(b)-(h)) and will be used in Raglan project exploration, \$2,944,973 Quebec corporate tax credits for 2011 will be claimed by the Raglan project.

Note 9. Investment In Company Subject To Significant Influence and Available For Sale

On August 7, 2009, the Company announced that it had entered into a shareholder, joint bid, and operating agreement with Jilin Jien Nickel Industry Co. Ltd. (Jilin Jien), and its wholly-owned subsidiary Jien International Investment Ltd. (JJ Holdco), to make an all-cash take-over bid for Canadian Royalties Inc. ("Canadian Royalties") to acquire all of its outstanding common shares and all of the outstanding 7% convertible senior unsecured debentures due March 31, 2015

On January 13, 2010, the acquisition was completed and Jien Canada Mining Ltd. ("Jien Canada"), a company jointly owned by the Company (25%) and JJ Holdco (75%) now owns 100% of the outstanding shares of Canadian Royalties.

On November 13, 2009, the Company tendered the 4,750,000 Canadian Royalties shares held as "available-for-sale" securities to Jien Canada as its investment in Jien Canada. The fair market value of those shares was \$3,752,500 (based on the closing price of November 13, 2009 on TSX at \$0.79 per share) which has been recorded as "Investment in Company Subject To Significant Influence" as non-current assets on Balance Sheet. The Company also acquired 25 class A shares and 1 class B share of Jien Canada for cash consideration of \$26, and those are also included in "Investment in Company Subject To Significant Influence

On September 21, 2010, the Company announced that at a meeting of the Directors of Jien Canada, the nominees of Jilin Jien had purported to approve an issuance of voting common shares of Jien Canada that would reduce the Company's percentage of voting shares from 25% to 4.21% and increase Jilin Jien's percentage of voting shares from 75% to 95.79%. The Company had informed JJ that this shares issuance is not permitted under the Shareholder, Joint Bid and Operating Agreement ("Shareholder Agreement") between the parties that governs the operation of Jien Canada. The Company has discussed this matter with its legal counsel and has informed Jilin Jien that any issuance of voting shares requires its approval under the Shareholder Agreement and that such issuance is also in contravention of other provisions of the Shareholder Agreement. The Company intends to vigorously defend its rights under the Shareholder Agreement.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 9. Investment In Company Subject To Significant Influence and Available For Sale (cont'd)

Up till July 31, 2010, by using the equity method, the Company included 25% of the net income or net loss of Jien Canada (consolidated with Canadian Royalties) in the Company's financial statements by adjusting the carrying value of "Investment in Company Subject To Significant Influence" at the balance sheet and by adjusting its net income or net loss.

After July 31, 2010, the Company reclassified its investment in Jien Canada from "Investment in Company Subject To Significant Influence" to "Investment Available For Sale" based on the fact that Jien Canada's issuance of voting shares without the Company's approval. The value of the investment in Jien Canada is measured at cost, which is the consolidated value as at July 31, 2010. Uncertainty exists relating to the measurement of the fair value of the investment as there is no quoted market price for Jien Canada. ". If the Company re-establishes its significant influence in the future, its investment in Jien Canada will be recorded at the consolidated value at the carrying value at the date of the recovery of the significant influence.

As at April 30, 2011, the Company has investment in company subject to significant influence. as follows:

	April 30, 2011			April 30, 2010		
	# of shares	Initial cost	Market value	# of shares	Initial cost	Market value
Class A shares.	-	\$ -		25	\$ 25	
Class B shares	-	-		4,750,001	3,752,501	
		\$ -	\$ -		\$3,752,526	\$2,544,660

As at April 30, 2011, the Company has investment available for sale as follows:

	April 30, 2011			April 30, 2010		
	# of shares	Cost		# of shares	Cost	
Initial cost		Carrying amount	Initial cost		Carrying amount	
Class A shares.	25	\$ 25		-	\$ -	
Class B shares	4,750,001	3,752,501		-	-	
		\$ 3,752,526	\$1,751,160		\$ -	\$ -

The Company considers the \$1,751,160 as the fair value of the investment as the best evaluation with the information on hand.

On October 20, 2010, the Company announced that it had commenced arbitration proceedings in British Columbia against Jilin Jien in respect of Jilin Jien's purported issuance of voting common shares of Jien Canada that would reduce the Company's percentage of voting shares, and consequently Company's interest in the Nunavik Nickel Project, from 25% to 4.21%. The Company is seeking remedies, including declarations that the share issuance violated the terms of the Shareholder Agreement between the parties and that the Company continues to hold 25% of the voting shares of Jien Canada.

On March 8, 2011, Jilin Jien and JJ Holdco commenced arbitration in respect of a matter in dispute between Jilin Jien and the Company arising out of the Option and Joint Venture Agreement dated August 28, 2008 between the Company and Jilin Jien. This dispute arises out of whether Jilin Jien has bested its interest in the joint venture and become operator of the project.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 9. Investment In Company Subject To Significant Influence and Available For Sale (cont'd)

On March 30, 2011, the Company commenced arbitration proceeding in British Columbia against Jilin Jien in respect of Jilin Jien's purported approval of a loan of up to \$357,497,576 from Jilin Jien's affiliate JHG International Capital Inc. ("JHG") to finance the 2011 program and budget of Jien Canada. The terms of the loan facility include that from six months following project completion, JHG will be entitled to a "cash sweep" of 100% of the cash flow available from Canadian Royalties, the wholly owned operating subsidiary of Jien Canada. The Company's position is that the purported approval of the terms of the related party loan facility is contrary to the Shareholder, Joint Bid and Operating Agreement ("Agreement") dated August 6, 2009. The Company is seeking remedies, including damages and a declaration that the unanimous consent of the Jien Canada Board was required to approve the financing under the Agreement.

On April 18, 2011, the Company filed a petition in the Supreme Court of British Columbia against Jien Canada, Jilin Jien, JJ Holdco, and Canadian Royalties seeking a declaration that the affairs of Jien Canada have been and are being conducted in a manner that is oppressive or unfairly prejudicial to the Company or which unfairly disregards the interests of the Company (Note 20).

Note 10. Participation in Joint Venture

On January 31, 2011, Jien's option was exercised and a Joint Venture was formed between Jien and the Company on that date (Note 8). As of April 30, 2011, the Company's participation in the Joint Venture are as follows:

Mineral properties transferred from the Company to Joint Venture:	\$ 33,852,090
Mineral properties transferred from Jien to Joint Venture:	37,364,088
Other net liabilities elements transferred from the Company to Joint Venture	<u>(132,792)</u>
Total mineral properties of Joint Venture as at April 30, 2011	\$ 71,083,386
Less: Jien's Joint Ventures interest	<u>(35,541,693)</u>
The Company's Joint Venture interest	<u>35,541,693</u>
The Company's pro rata share of the over-refunded 2009 tax credits (Note 20)	<u>941,201</u>
Participation in Joint Venture, April 30, 2011	<u><u>\$ 36,482,894</u></u>

Upon the time of the Joint Venture was formed, the Company transferred the balance of the deficit to the Joint Venture including the followings:

Fuel inventory	\$1,915,534
Cash	101,936
GST and QST receivable	20,917
Accounts payable	(155,229)
Tax credits receivable	5,619,962
Deferred exploration contribution	<u>(7,635,912)</u>
	<u><u>\$(132,792)</u></u>

The Joint Venture becomes a related party to the Company, as well as Jien, the Joint Venture partner.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 10. Participation in Joint Venture (cont'd)

The recording of the proportionate results of the Joint Venture as of April 30, 2011 was not based on its audited financial statements but from the interim information. The Joint Venture did not have any revenue or expenses as of April 30, 2011. The activities of the Joint Venture between January 31, 2011 to April 30, 2011 are not significant as the effective date of the exercise option was decided by the arbitration award subsequently (Note 20). As at April 30, 2011, the Joint Venture had assets of \$71,083,386.

Note 11. Capital Stock

(a) **Authorized: unlimited common shares and unlimited preference shares**

(b) **Issued and outstanding:**

	For the year ended April 30, 2011		For the year ended April 30, 2010	
	Number of Common Shares	\$	Number of Common Shares	\$
Balance, April 30, 2010 and 2009	182,654,041	\$ 45,340,032	178,171,699	\$ 44,126,478
<u>Common shares issued for cash</u>				
- Stock option exercised @ \$0.21	-	-	300,000	63,000
- Stock option exercised @ \$0.125	540,000	67,500	875,000	109,375
- Stock option exercised @ \$0.225	-	-	428,000	96,300
- Stock option exercised @ \$0.31	45,000	13,950	-	-
- Stock option exercised @ \$0.36	-	-	100,000	36,000
- Warrants exercised @ \$0.30	125,000	37,500	551,300	165,390
<u>Common shares issued as finder's fee</u>	489,130	107,608	2,228,042	452,500
<u>Valuation adjustments of warrants & options</u>				
Reverse Black-Scholes valuation on warrants exercised	-	16,250	-	71,669
Reverse Black-Scholes valuation on options exercised	-	49,850	-	219,320
Subtotal	1,199,130	292,658	4,482,342	1,213,554
Balance April 30, 2011 and 2010	183,853,171	\$ 45,632,690	182,654,041	\$ 45,340,032

(c) **Issuance of Common Shares**

The Company issued 2,228,042 common shares during the year ended April 30, 2010 and 489,130 common shares during the year ended April 30, 2011 to a third party as part of the finder's fee in connection with the option and joint venture agreement on Raglan area properties (Note 8(b) – 8(h)).

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 11. Capital Stock (cont'd)

(d) Shareholder Rights Plan

On November 17, 2005, the Board of Directors of the Company proposed a shareholder right plan (the "Plan"). The Plan was approved by the shareholders of the Company at the Annual General Meeting held on December 22, 2005.

Under the Plan, the Company has issued one right for no consideration in respect of each outstanding common share of the Company to all holders of record on November 17, 2005. All common shares issued by the Company during the term of the Plan will have one right represented by the certificates representing the common shares of the Company. The term of the Plan is three years, subject to re-approval by the shareholders of the Company at their 2008 Annual Meeting. At the recent Annual General Meeting held on November 18, 2008, the Plan was ratified and extended.

The Plan is intended to provide the Board of Directors with adequate time to consider value enhancing alternatives to a take-over bid and allow competing bids to emerge, and to provide the shareholders of the Company adequate time to properly assess a take-over bid without undue pressure. The Plan is also intended to ensure that the shareholders of the Company are provided equal treatment under a takeover bid. The Company is not currently aware of any pending or threatened take-over bid for the Company.

The Rights issued under the Plan become exercisable only if a person acquires 20% or more of the common shares of the Company without complying with the "permitted bid" provisions in the Plan or without the approval of the Board of Directors of the Company. Should such an acquisition occur, rights holders (other than the acquiring person or related persons) can purchase common shares of the Company at half the prevailing market price (as defined in the Plan) at the time the Rights become exercisable. Each Right, upon exercise, would permit the purchase of shares of the Company at a substantial discount to the market price.

"Permitted bids" under the Plan must be made to all shareholders for all shares of the Company, and must be open for acceptance for a minimum of 60 days. If at least 50% of the outstanding shares have been tendered and not withdrawn after 60 days, if at least 50% of the outstanding shares have been tendered and not withdrawn after 60 days, the bidder may take up the shares, but must make a public announcement of that take-up and extend the bid for a further 10 days to allow other shareholders to tender to the bid.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 11. Capital Stock (cont'd)

(e) Stock Options – Common Shares

The Company, in accordance with a Stock Option Plan approved by shareholders and accepted by the TSX Venture Exchange, is authorized to grant options to directors, officers and employees to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock on the date of grant.

On April 29, 2010, the Company announced that pursuant to the company's stock option plan, an aggregate of 6,000,000 incentive stock options had been granted to certain directors, officers, employees and consultants. The options have an exercise price of \$0.31 with a five year term.

During the year ended April 30, 2010, 1,703,000 stock options were exercised, 200,000 stock options were cancelled, and 1,938,000 stock options expired without exercise.

On March 23, 2011, the Company granted an aggregate of 1,500,000 incentive stock options, pursuant to its stock option plan, to a senior officer of the Company. The options have an exercise price of \$0.20 with a five year term.

During the year ended April 30, 2010, 585,000 stock options were exercised, 100,000 stock options were cancelled, and 920,000 stock options expired without exercise.

A summary of the Company's outstanding stock options as of April 30, 2011 and the changes during the period are presented below:

	<u>Number of Shares Under Stock Options</u>	<u>Weighted Average Exercise Price Per Share</u>
Balance Outstanding, April 30, 2010	17,938,000	\$ 0.245
Exercised	(45,000)	\$ 0.31
Exercised	(540,000)	\$ 0.125
Expired	(920,000)	\$ 0.225
Cancelled	(100,000)	\$ 0.31
Granted	1,500,000	\$ 0.20
Balance Outstanding, April 30, 2011	<u>17,833,000</u>	

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 11. Capital Stock (cont'd)

(e) Stock Options – Common Shares (cont'd)

Incentive stock options outstanding at April 30, 2011 to directors, officers and employees are as follows:

Number of options Outstanding and exercisable	Expiry date	Exercise price
2,393,000	June 27, 2012	\$ 0.360
4,500,000	January 13, 2013	\$ 0.210
3,585,000	July 17, 2013	\$ 0.125
5,855,000	April 28, 2015	\$ 0.310
1,500,000	March 21, 2016	\$ 0.200
17,833,000		

The fair value of the 6,000,000 stock options granted on April 29, 2010 and 1,500,000 stock options granted on March 22, 2011 are estimated on the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	<u>March 22, 2011</u>	<u>April 29, 2010</u>
Dividend Yield	Nil	Nil
Expected volatility	54%	64%
Risk free rate of return	1.07%	1.6%
Expected life of options	5 years	5 years

The weighted average fair value of the 6,000,000 options granted on April 29, 2010 was \$0.17 per option granted, and the weighted average fair value of the 1,500,000 options granted on March 22, 2011 was \$0.09 per option granted. Those stock options resulted in a stock option compensation of \$1,020,000 and \$135,000 which are expensed during the year ended April 30, 2010 and 2011 respectively.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 11. Capital Stock (cont'd)

(f) Share Purchase Warrants – Common Shares

	<u>Warrants</u>	<u>Expiry Date</u>	<u>Exercise Price</u>
	7,821,000	October. 27, 2010	\$0.30
	17,552,517	June 7, 2010	\$0.50
	17,552,517	June 7, 2010	\$1.00
	1,782,003	June 7, 2010	\$0.50
	2,081,395	September 4, 2010	\$0.50
	35,800	September 6, 2010	\$0.50
	35,800	September 6, 2010	\$1.00
	6,275,679	September 27, 2010	\$0.50
	6,275,678	September 27, 2010	\$1.00
	2,715,000	October 21, 2010	\$0.50
	377,288	November 18, 2010	\$0.50
	2,000,000	June 19, 2012	\$0.35
	2,000,000	August 16, 2012	\$0.35
Balance Outstanding, April 30, 2010	66,504,677		
Expired	(17,552,517)	June 7, 2010	\$0.50
Expired	(17,552,517)	June 7, 2010	\$1.00
Expired	(1,782,003)	June 7, 2010	\$0.50
Expired	(7,696,000)	October. 27, 2010	\$0.30
Expired	(2,081,395)	September 4, 2010	\$0.50
Expired	(35,800)	September 6, 2010	\$0.50
Expired	(35,800)	September 6, 2010	\$1.00
Expired	(6,275,679)	September 27, 2010	\$0.50
Expired	(6,275,678)	September 27, 2010	\$1.00
Expired	(2,715,000)	October 21, 2010	\$0.50
Expired	(377,288)	November 18, 2010	\$0.50
Exercised	(125,000)	October. 27, 2010	\$0.30
Balance Outstanding, April 30, 2011	4,000,000		

(g) Share Reserved – Common Shares

	<u>Number of shares</u>	
	<u>April 30, 2011</u>	<u>April 30, 2010</u>
Stock options	17,833,000	17,938,000
Share Purchase Warrants	4,000,000	66,504,677
Total	<u>21,833,000</u>	<u>84,442,677</u>

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 12. Accumulated Other Comprehensive Loss

Pursuant to the new financial instrument standards (CICA Section 3855 and Section 1530), the Company classifies its marketable securities as “available for sale” and records the marketable securities at their fair values (Note 5). The change of unrealized gain or loss of the marketable securities is recorded as unrealized gain or loss. An adjustment in the amount of \$6,973 to the opening accumulated other comprehensive income was made at May 1, 2007 to bring the opening value of marketable securities from lower of cost and market to market value. The accumulated other comprehensive loss during the years ended April 30, 2010 and 2011 includes:

	April 30, 2011	April 30, 2010
Balance, beginning of year	\$ (29,550)	\$ (257,037)
Reverse loss realized from selling of marketable securities	-	227,037
Unrealized income from marketable securities	1,650	450
Balance, end of year	\$ (27,900)	\$ (29,550)

Note 13. Related Party Transactions

The Company retains the services of certain directors and officers of the Company, or by companies controlled by directors, officers, and related parties. Fees are paid for these services on a month-by-month basis without formal agreements.

\$5,613 is due to an officer that is included in accounts payable and accrued liabilities at April 30, 2011 (April 30, 2010 - \$Nil).

During the current year, the Company recorded an operator’s fee of \$1,400,000 (2010 - \$1,215,902) from the joint venture project.

During the year ended April 30, 2011 and 2010, the Company was charged the following amounts by directors and officers of the Company and their immediate family, or by companies controlled by directors, officers, and related parties:

	Year Ended April 30	
	2011	2010
Consulting fees		
- Financial – paid to a director	\$ 36,000	\$ 109,500
- Marketing – paid to two directors	71,550	71,050
- Shareholders’ communication – paid to a company controlled by the spouse of the Chairman	101,000	98,500
Equipment rental – paid to a company controlled by the Chairman	87,189	87,189
Management fees – paid to the Chairman	300,000	792,500
Management fees – paid to an officer	394,863	78,220
Professional fees – paid to an officer	106,000	106,500
Rent – paid to the Chairman	72,000	274,044
Salaries – paid to the President	120,000	377,250
Salaries – paid to an officer	26,693	-
Website fees – paid to a director	51,450	51,450
Deferred exploration costs – paid to the President	120,000	114,750
Total	\$ 1,486,745	\$ 2,160,953

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 13. Related Party Transactions (cont'd)

All transactions with related parties were concluded in the normal course of operation at the exchange amount which is the amount established and accepted by the parties.

As at April 30, 2011, the related parties had the following stock options that are outstanding and exercisable:

<u>Stock options</u>	<u>Year of expiry</u>
1,523,000	2012
5,535,000	2013
4,380,000	2015
1,500,000	2016

As at April 30, 2011, no share purchase warrants were held by related parties.

Note 14. Income Taxes

The Company presently has no taxable income. The benefit of a potential reduction in future income taxes has not been recorded as a future income tax assets at April 30, 2011, as it is reduced by a valuation allowance, due to uncertainty of utilization of the losses. The losses may be claimed up to the end of the following fiscal years ending April 30:

2014	892,606
2015	2,422,355
2026	1,223,581
2027	1,263,900
2028	2,718,893
2029	2,016,133
2030	3,626,309
2031	4,098,972
	\$ <u>18,262,749</u>

The income tax effect of temporary differences comprising the deferred tax assets and deferred tax liabilities on the balance sheets is a result of the following:

	2011	2010 <i>(restated)</i>
Share issue expenses	\$ 124,583	\$ 275,871
Investment in subsidiary	(504,402)	(380,576)
Mineral properties	-	(4,226,398)
Participation in Joint Venture	(2,249,473)	-
Property and equipment	8,247	3,060
Non capital losses carried forward	5,460,562	4,234,969
Valuation allowance	(2,839,517)	93,074
Net future tax assets	\$ -	\$ -

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 14. Income Taxes (cont'd)

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined federal and provincial tax rate of 29.16% for 2011 and 29.90% for 2010 as a result of the following:

	Year Ended April 30,	
	2011	2010 <i>(restated)</i>
Loss before income taxes	(\$2,718,569)	\$ (2,946,087)
Combined federal and provincial income taxes	(812,852)	(880,880)
Amortization of property and equipment	5,187	5,481
Stock option based compensation	40,365	304,980
Shares issue expenses	(151,288)	(151,288)
Unrealized loss from marketable securities	(493)	(68,019)
Gain from sale of investments	-	(741,658)
Share of losses of subsidiary	237,257	361,152
Gain from transferring properties to Joint Venture	(543,767)	-
Valuation allowance	1,225,591	1,170,232
Effective income taxes	\$ -	\$ -

The unamortized balance for tax purposes of share issue expenses amounting to approximately \$416,666 is deductible over the next four years.

The federal and provincial deferred exploration expenditures of \$28,959,572 are available to reduce future years' taxable income; these expenditures carry forward indefinitely.

The Company has financed their operations in part through the issuance of the flow-through shares.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 15. Loss per Common Share

	<u>Year Ended April 30, 2011</u>		<u>Year Ended April 30, 2010</u>	
	Weighted Average Common Shares Outstanding	Loss Per Common Share	Weighted Average Common Shares Outstanding	Loss Per Common Share
Basic	183,332,835	<u>\$0.02</u>	<u>179,941,269</u>	<u>\$ 0.02</u>
Effect of stock options	17,687,479		13,853,644	
Effect of stock purchase warrants	19,254,121		78,873,874	
Diluted	<u>220,274,435</u>	<u>\$0.02</u>	<u>272,668,787</u>	<u>\$ 0.02</u>
Anti Dilutive	<u>183,332,835</u>		<u>179,941,269</u>	

The diluted loss per common share does not increase above the basic loss per common share, due to anti-dilutive factors.

Note 16. Contributed Surplus

Stock Option Compensation

	<u>Year Ended April 30,</u>	
	<u>2011</u>	<u>2010</u>
Balance, Beginning of the year	\$ 4,412,051	\$ 3,611,371
Stock option compensation	135,000	1,020,000
Adjustment on stock options exercised	(49,850)	(219,320)
Balance, End of the year	<u>\$ 4,497,201</u>	<u>\$ 4,412,051</u>

Note 17. General and Administrative Expenses

	<u>Year Ended April 30,</u>	
	<u>2011</u>	<u>2010</u>
<u>Consulting fees</u>		
Financial	\$ 58,029	\$ 79,500
Shareholders' communication	136,800	127,300
Corporate administration	240,000	498,000
Marketing	127,007	117,550
	<u>\$ 561,836</u>	<u>\$ 822,350</u>

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 17. General and Administrative Expenses (cont'd)

<u>Office and general expenses</u>	<u>Year Ended April 30,</u>	
	<u>2011</u>	<u>2010</u> <i>(Restated)</i>
Bank charges and interest	\$ 6,715	\$ 2,563
Insurance	41,450	35,000
Services	78,288	137,260
Supplies	24,170	20,343
Postage and couriers	9,449	4,171
Rent and telephone	316,193	337,885
Equipment rental	93,181	90,875
Other	19,532	22,737
	<u>\$ 588,978</u>	<u>\$ 650,834</u>

	<u>Year Ended April 30,</u>	
	<u>2011</u>	<u>2010</u>
<u>Professional fees</u>		
Accounting and audit fees	\$ 220,964	\$ 217,595
Legal fees (recovery)	1,896,583	(44,760)
	<u>\$ 2,117,547</u>	<u>\$ 172,835</u>

	<u>Year Ended April 30,</u>	
	<u>2011</u>	<u>2010</u>
<u>Shareholder communication, travel and promotion</u>		
Advertising & promotion	\$ 50,696	\$ 18,032
Communications	1,250	2,500
Conferences & shows	33,836	189,617
Mail-out a& couriers	12,021	11,261
Press releases	21,395	31,022
Printing	16,564	18,769
Telephone, internet, website	145,900	150,211
Travel & entertainment	196,195	101,950
Other	376	-
	<u>\$ 478,233</u>	<u>\$ 523,362</u>

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 18. Commitments

1) The Company has entered into a sublease agreement for the current office space since May 1, 2010 with a basic rent of \$133,900 per annum. This sublease agreement is expiring on March 30, 2012, subject to early termination or possible extension to up to March 30, 2017.

2) Starting from January 31, 2011, the date the Joint Venture formed (Note 8), the Company is obligated to fund 50% of expenditures of the Joint Venture. The Company's Joint Venture interest will be diluted if the Company fails to make any funding payment.

Note 19. Contingencies

As at April 30, 2011, the Company involved in the following arbitration and litigation that are still outstanding at the date of this report:

1) Arbitration commenced by the Company on March 30, 2011 against Jilin Jien in respect of Jilin Jien's purported approval of a loan of up to \$357,497,576 from Jilin Jien's affiliate JHG International Capital Inc. ("JHG") to finance the 2011 program and budget of Jien Canada (Note 9).

2) A petition filed by the Company on April 18, 2011 in the Supreme Court of British Columbia against Jien Canada, Jilin Jien, JJ Holdco, and Canadian Royalties seeking a declaration that the affairs of Jien Canada have been and are being conducted in a manner that is oppressive or unfairly prejudicial to the Company or which unfairly disregards the interests of the Company (Note 9). The petition seeks relief including that Jilin Jien be required to purchase the Company's shares in JCML at fair value.

The Company does not expect any quantitative impact on this financial statement from those arbitration and litigation results as the subjects are not quantified. However, subsequent legal fees associated with those arbitration and litigation are expected.

3) A proposed class proceeding is brought in the Ontario Superior Court of Justice against Canadian Royalties and JCML and its co-defendants. It is asserted on behalf of a proposed global class action of all persons and entities, with some exceptions, who acquired Canadian Royalties' securities between June 21, 2007 and August 5, 2008 and who held some or all of those securities as of August 5, 2008. The claim seeks general damages in the amount of \$500 million and punitive damages in the amount of \$20 million. The bases for the proceeding are alleged material misrepresentations made by Canadian Royalties in its July 18, 2007 and March 12, 2008 prospectus offerings. The only material misrepresentations alleged in the claim relate to the issue of access to the Donaldson Airstrip. Since issuing the claim, the plaintiff has taken no steps to prosecute this proceeding or to have it certified by a court as a class proceeding. Canadian Royalties opposes certification of this matter as a class proceeding, and will otherwise continue to vigorously defend this action. Canadian Royalties denies any liability with respect to this proceeding. At this early stage of the litigation external counsel cannot estimate with certainty the possibility that Canadian Royalties may be found liable in any degree or for any amount. It is also not possible to estimate when final resolution – through trial or otherwise – will occur. As such, at this early stage, the Company cannot evaluate the impact of this claim to the fair value of the Company's investment in JCML, and in Canadian Royalties.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 20. Subsequent Events

○ *Service Agreements*

On May 2, 2011, the Company entered with a service agreement with D. Baker Capital Inc., a company controlled by the Chairman, for consulting services with a \$25,000 monthly fee for an indefinite period. The Company may terminate this agreement any time by notice and paying 24 months' fees.

On May 2, 2011, the Company entered with a service agreement with TJB Management Inc., for consulting services with a \$20,000 monthly fee for an indefinite period. The Company may terminate this agreement any time by notice and paying 24 months' fees.

○ *Private Placement*

On May 17, 2011, the Company closed a non-brokered private placement and issued 26,000,000 units at a price of \$0.15 per unit for gross proceeds of \$3,900,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company for a period of one year from the closing at an exercise price of \$0.25.

○ *Arbitration – Jilin Jien exercise of option*

As the Company announced on March 8, 2011, Jilin Jien commenced an arbitration in respect of a matter in dispute between Jilin Jien and the Company arising out of the Option and Joint Venture Agreement dated August 28, 2008 between the Company and Jilin Jien.

On May 31, 2011, the Arbitration Tribunal declared that Jilin Jien's option was deemed to have been exercised on January 31, 2011 and that a joint venture was formed between Jilin Jien and the Company on that date. The Tribunal also made orders relating to the formation of the joint venture, including that the parties will each pay their pro rata shares of excess rebates that were paid into the project and subsequently reassessed. The Arbitration Tribunal confirmed in a subsequent ruling dated July 14, 2011 that the award is payable immediately.

Effective February 1, 2011, the Joint Venture partner became the operator, and the Company will not earn operator's fees from year 2012.

On July 20, 2011, the Company paid its pro rata shares of the over-refunded 2009 Quebec tax credit plus interest in the amount of \$941,201.45 according to the arbitration award and order and the subsequent ruling.

The Arbitration Tribunal also ordered that the Company pay the costs of the Arbitration.

On July 20, 2011, the Company paid \$175,000 to Jilin Jien in satisfaction of that order as well as \$15,498 to cover the costs of the July 14 subsequent ruling.

GOLDBROOK VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

Note 20. Subsequent Events (cont'd)

- *Arbitration – the Company's 25% voting share of JCML*

On July 21, 2011, the Arbitration Tribunal issued a partial final award in respect of the arbitration announced by the Company on October 20, 2010 in respect of Jilin Jien's purported issuance of 494 voting common shares of JCML that would reduce the Company's percentage of voting shares, and consequently the Company's interest in the Nunavik Nickel Project, from 25% to 4.21%.

The Arbitration Tribunal found that the Company is entitled under the Shareholders Agreement to be the holder of 25% of the voting shares of Jien Canada and that the issuance of 494 voting shares that would have effected the Dilution was not authorized by, and was contrary to, the Shareholders Agreement.

The Tribunal further directed that if the Company intends to seek an award directing the steps to be taken to restore its 25% shareholding beyond the declarations made in the Award that the Tribunal requires submissions from the parties on that issue. The Tribunal has reserved its jurisdiction to decide all matters relating to costs until any further submissions have been made.

The Company intends to pursue any further steps necessary in order to restore its 25% interest in the Nunavik Nickel Project.

A consent resolution of JCML has proposed to cancel the 494 voting common shares issued in order to restore the Company's 25% shareholding of JCML.

- *2011 Joint Venture Exploration Program Budget*

In August 2011, the Joint Venture approved the 2011 exploration program budget of \$2.7 million. No cash call is expected as the budgeted expenditures are expected to be fully covered by the Quebec mineral exploration credits refund (Note 8).