

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended April 30, 2011

Date of Report: August 29, 2011

Directors and Officers as at August 29, 2011:

Directors:

Martin Auyeung
David Baker
Edward T. Gardner
Brian Grant
Walter Peredery
Earl Terris

Officers:

David Baker, Chairman
Edward T. Gardner, CEO
Brian Grant, President & COO
Alan Gorman, Executive Vice-President of
Operations
Vivian Gu, CFO

Contact Name:

David Baker

Website:

www.goldbrookventures.com

TSX Venture Exchange Symbol:

GBK

GOLDBROOK VENTURES INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended April 30, 2011

1.1 Date of This Report

August 29, 2011

1.2 Overall Performance

Description of Business

The Company was incorporated as Goldbrook Explorations Inc. under the Ontario *Business Corporations Act* on May 20, 1983. On July 22, 2002, the Company changed its name to Goldbrook Ventures Inc. In addition, the Company consolidated its capital on a 3 old for 1 new basis. On April 14, 2003, the Company was granted a Certificate of Continuation under the Company Act of British Columbia.

The Company's registered and records office in British Columbia is Suite 1550, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6. The Company's telephone number is (604) 683-8083. The Company's Shares are currently listed for trading on the TSX Venture Exchange under the symbol "GBK".

On February 6, 2004, the Company announced that shares of Goldbrook Ventures Inc. would commence trading on the Frankfurt Stock Exchange under the trading symbol "GVE".

The Company is a publicly traded junior resource company. In the past fiscal years until 2001, the Company was involved, to a limited extent, in the exploration of various mineral properties. As of 2001, the Company had written down all of its investments in its mineral properties; and was deemed inactive by the Exchange on September 7, 2001. On August 1, 2002, the Company completed its reactivation plan and the Exchange removed the inactive status.

On September 6, 2005, the Company announced that in accordance with TSX Venture Exchange policy 2.5, the Company had met the requirements for a Tier 1 company. Effective September 2, 2005, the Company's tier classification changed from Tier 2 to Tier 1 – mineral exploration and development company.

As a development stage enterprise, the Company is in the process of exploring properties and will continue to conduct exploration activities on its properties to determine the ore reserves and ore recoverability on its properties.

The Company's mineral properties consist of the following:

- Onaman River, Onaman Lake Township, Ontario;
- Raglan Area, District of Northern Quebec;

1.3 Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	<u>April 30, 2011</u>	<u>April 30, 2010</u>	<u>April 30, 2009</u>
(a) Net sales	-	-	-
(b) Loss before extraordinary items			
(i) Total loss before comprehensive loss	\$2,720,219	\$3,173,574	\$2,493,378
(ii) Loss per share – basic	\$0.02	\$0.02	\$0.02
(iii) Loss per share – diluted	\$0.02	\$0.02	\$0.02
(c) Net loss			
(i) Total loss before comprehensive loss	\$2,720,219	\$3,173,574	\$2,493,378
(ii) Loss per share – basic	\$0.02	\$0.02	\$0.02
(iii) Loss per share – diluted	\$0.02	\$0.02	\$0.02
(d) Total assets	\$39,217,692	\$58,240,499	\$53,470,399
(e) Total long-term liabilities	-	-	-
(f) Cash dividends declared per-share	N/A	N/A	N/A

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the financial statements of the Company and notes attached hereto.

Mineral Properties

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.

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. 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.

The Company has retained PI Financial Corp. (“PI”) as it financial advisor in connection with the Jien transaction and, as consideration for such services, has paid \$100,000 to PI.

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.

In October 2010, the joint venture project completed its 2010 nickel-copper PGE sulphide exploration program in the Raglan Belt, northern Quebec.

Exploration Results and Future Developments (Raglan Properties)

In late September, the Company completed its 2010 nickel-copper-cobalt-PGE sulphide exploration program in the Raglan Belt, northern Quebec. Goldbrook's geoscience team, led by Revelation Geoscience Ltd during 2010, carried out an aggressive exploration program across the properties, including diamond drilling, ground geophysics, regional till geochemistry, prospecting and mapping. Revelation Geoscience brought a new insight and experience to the Goldbrook program in an effort to add to previous successes with new discoveries.

Belanger Camp supported a large exploration program on the western portion of the Goldbrook properties, and an eastern Camp in Kangiqsujuaq (Wakeham Bay) supported activities in the eastern tenures. Geological field crews mobilized to these camps during week of June 21st and demobilization took place about September 22nd.

Goldbrook's 2010 Exploration Program Summary

- **Core Drilling:** A total of 23,075 metres was drilled in 113 diamond drill holes. New sulphide mineralization was discovered.
- **Base-of-Till Sampling:** 246 Base-of-till holes were drilled by a percussion drill rig over targets on the Eastern properties where glacial till cover had hindered previous exploration. Basal till samples were collected from all of these holes and bedrock chip samples were collected from 194 drillholes. Field XRF analyses of base-of-till samples allowed for "live" interpretation of results and immediate follow-up where Ni-Cu values warranted. New ultramafic bodies were identified.
- **Surface Till Sampling:** 6777 Till samples were collected over glacial till covered geophysical targets. Field XRF analyses of till samples allowed for "live" interpretation of results and immediate follow-up.
- **Moss Matt and Stream Sediment Sampling:** 116 Moss Matt and Stream Sediment samples were collected covering regional areas that have seen limited previous work.
- **Ground Geophysics:** Approximately 2,050 line kilometres of ground magnetic surveys were completed over approximately 32 airborne magnetic anomalies to provide higher resolution data for drill targeting.
- **Geological Mapping and Prospecting:** 12 Prospectors, 15 geologists, and several student and local Inuit field assistants were employed through the work program and evaluated over 50 high priority target areas by prospecting and geological mapping, resulting in the discovery of new nickel sulphide mineralization in several areas. More than 3500 geological field stations and 1250 rock samples were collected. Results are currently being compiled and assays are pending.
- **Personnel:** From mid-June to late September, 80 to 115 employees and contractors were on site at the Kangiqsujuaq and Belanger Camps including many local hires from the Inuit community.
- **National Instrument 43-101 resource estimates** were completed by P&E Mining Consultants Inc for the Mystery, Getty, Sylvie, Bravo B4, PAD and Timtu deposits and the resulting report has been posted on SEDAR.

This program had been planned as an expansion from the previous, and successful, exploration focus on the Belanger Trend into new, and high potential geological target areas. The program tested positive results of geological, geophysical, prospecting and remote sensing surveys completed in previous years. This exploration discovered significant nickel-copper-PGE sulphides at the Echo One and Delta NE zones and better defined mineral potential at Sylvie. With the still pending results from data analyses, compilation and report preparation for the 2010 program, the Company expects to see additional potential identified which can be incorporated into the targeting for future exploration programs.

Results of Operations

The loss for the year ended April 30, 2011 was \$2,720,219 as compared with a loss of \$3,173,574 for the year ended April 30, 2010. The changes in the loss for the current year were in the following categories that also reflected in the general administration expenses and cash flows:

- A gain from sale of the investments of \$2,480,463 was recognized during the year ended April 30, 2010 (refer to 1.5) while \$Nil for the current year;
- A \$793,500 (2010: \$1,207,866) share of loss of the company subject to significant influence has been included in the Company's net loss (refer to 1.5) of the year ended April 30, 2011;
- Recorded a gain of \$1,822,395 in the current year (2010: \$Nil) resulting from transferring properties to the Joint Venture;
- Operator's fees income was \$1,400,000 for the current year (2010: \$1,215,902);
- Recorded financing costs in the amount of \$220,108 (2010: \$967,500) in the year ended April 30, 2011 which represents both the cash finder's fee paid and the value of the common shares issued relating to the Raglan joint venture project;
- Professional fees increased by \$1,944,712 during the year ended April 30, 2011 due to the increased legal fees and accounting and audit fees. The increased legal fees during the year ended April 30, 2011 were caused by the Company's involvement in multiple arbitration processes (refer 1.4 and 1.15).
- During the year ended April 30, 2011, management fees decreased by \$175,858, consulting fees decreased by \$260,514, and wages and salaries decreased by \$293,477 comparing to the year ended April 30, 2010. The decreases were mainly due to a special bonus totaled \$1,100,000 paid to certain directors, officers, and consultants pursuant to a board resolution in December 2009 while \$Nil for the current year.
- During the current year, \$135,000 stock option compensation expenses were recorded while \$1,020,000 were recorded in the year ended April 30, 2010.
- During the year ended April 30, 2011, a \$1,650 unrealized gain (2010: \$226,587) from marketable securities has been recorded as other comprehensive income which is not included in the net loss.

Below is a comparison of the general and administration expenses during the years ended April 30, 2011 and 2010:

	Year ended 30-April-11	Year ended 30-April-10	Increase (Decrease) during the year
General and Administration Expenses			
Depreciation on property and equipment	\$ 17,348	\$ 18,330	\$ (982)
Consulting fees	561,836	822,350	(260,514)
Financing costs	220,108	967,500	(747,392)
Management fees	694,862	870,720	(175,858)
Office and general expenses	588,978	650,834	(61,856)
Professional fees	2,117,547	172,835	1,944,712
Regulatory fees & services	29,427	30,331	(904)
Shareholders' communication, travel & promotion	478,233	523,362	(45,129)
Stock option compensation	135,000	1,020,000	(885,000)
Wages and benefits	305,825	599,302	(293,477)
	<u>(5,149,164)</u>	<u>(5,675,564)</u>	<u>(526,400)</u>

Investor Relations Activities

Currently, the Company has no formal arrangements in place with respect to investor relations. Three spokespersons are assigned to respond to any shareholder or investor calls. They are also responsible for handling shareholder mail-outs and represent the Company in trade shows and conferences.

During the year ended April 30, 2011 the Company issued press releases, responded to investor inquiries and conducted shareholder and investor mail outs.

Financings, Principal Purposes & Milestones

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.

Take-over Bid

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.

On October 20, 2010, the Company announced that it had commenced arbitration proceedings in British Columbia against Jilin Jien in respect of 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.

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.

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q4 <u>30-Apr-11</u>	Q3 <u>31-Jan-11</u>	Q2 <u>31-Oct-10</u>	Q1 <u>31-Jul-10</u>	Q4 <u>30-Apr-10</u>	Q3 <u>31-Jan-10</u>	Q2 <u>31-Oct-09</u>	Q1 <u>31-Jul-09</u>
<i>Net sales</i>	-	-	-	-	-	-	-	-
<i>Net Income(Loss):</i>								
Total	\$921,749	\$(1,203,022)	\$(732,046)	\$(1,706,900)	\$(2,829,102)	\$540,433	\$(604,762)	\$(280,143)
Per share	\$0.005	\$(0.007)	\$(0.004)	\$(0.010)	\$(0.016)	\$0.003	\$(0.003)	\$(0.002)
Per share diluted	\$(0.013)	\$(0.005)	\$0.005	\$(0.010)	\$(0.016)	\$0.003	\$(0.003)	\$(0.002)

Discussion

For the year ended April 30, 2011, please refer to Section 1.4 - *Results of Operations*.

Non-cash stock-based compensation expenses of \$1,020,000 were recorded in the quarter ended April 30, 2010. Also included in the quarter ended April 30, 2010 are \$1,207,866 non-cash loss which reflects the 25% of the net loss of Jien Canada Mining Ltd. and \$452,500 financing costs incurred which represents the value of common shares issued.

During the quarter ended January 31, 2010, the Company tendered the 4,750,000 shares of Canadian Royalties Inc. to Jien Canada Mining Ltd. as the investment in Jien Canada Mining Ltd (refer to "Take-over Bid" in 1.4). The Company recorded the contribution as a deemed sale of 4,750,000 Canadian Royalties Inc. shares at a sale price of \$0.79 per share (the November 25, 2009 closing price of Canadian Royalties Inc. on Toronto Stock Exchange). As such, gain from sale of those stocks in the amount of \$2,480,463 was deemed realized and recognized during that quarter.

During the quarter ended July 31, 2010, an loss in the amount of \$793,500, which reflects the 25% of the net loss of Jien Canada Mining Ltd, was included against the Company's net loss.

During the quarter ended April 30, 2011, \$1,400,000 operator's fees income and \$1,822,395 non-cash gain from transferring properties to Joint Venture were recorded.

1.6 Liquidity

As the Company has no revenue generating projects at this time, the ability of the Company to carry out its business plan rests with its ability to secure equity and other financings.

At April 30, 2011, the Company has total assets of \$39,217,692. The primary assets of the Company are cash of \$109,531, accounts receivable of \$207,006, prepaid expenses of \$571,188, marketable securities of \$5,100, investment available for sale of \$1,751,160, participation in Joint Venture of \$36,482,894, and mineral properties with a historic cost of \$37,791. The Company has working capital deficit of \$821,090.

The Company will require additional financing to fund any new acquisitions, exploration programs as well as its holding costs on all of its properties. The ability of the Company to successfully fund the Ungava properties and to acquire additional projects is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through the exercise of outstanding warrants, or arranging other forms of equity financing. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company.

1.7 Capital Resources

The capital resource of the Company is the mineral properties with a historic cost of \$37,791 and the mineral properties through its participation in the joint venture of \$36,482,894. The Company is committed to further expenditures on these properties, as detailed in Section 1.4 - *Results of Operations*.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

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:

	<u>Year ended April 30</u>	
	<u>2011</u>	<u>2010</u>
Consulting fees		
- Financial – paid to a director ⁽¹⁾	\$ 36,000	\$ 109,500
- Marketing – paid to two directors ^{(1) & (6)}	71,550	71,050
- Shareholders' communication – paid to a company controlled by the spouse of the Chairman ⁽²⁾	101,000	98,500
Equipment rental – paid to a company controlled by the Chairman ⁽²⁾	87,189	87,189
Management fees – paid to the Chairman ⁽²⁾	300,000	792,500
Management fees – paid to an officer ⁽³⁾	394,863	78,220
Professional fees – paid to an officer ⁽⁴⁾	106,000	106,500
Rent – paid to the Chairman ⁽²⁾	72,000	274,044
Salaries – paid to the President ⁽⁵⁾	120,000	377,250
Salaries – paid to an officer ⁽⁷⁾	26,693	-
Website fees – paid to a director ⁽⁶⁾	51,450	51,450
Deferred exploration costs – paid to the President ⁽⁵⁾	120,000	114,750
Total	<u>\$ 1,486,745</u>	<u>\$ 2,160,953</u>

(1): Earl Terris, Director

(2): David Baker, Chairman

(3): Edward T. Gardner, CEO

(4): Vivian Gu, CFO

(5): Brian Grant, President

(6): Martin Auyeung, Director

(7): Alan Gorman, Executive VP of Operation

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.

1.10 Fourth Quarter

Fourth quarter results do not differ significantly from other quarters, except for the recording of \$1,400,000 operator's fees income and \$1,822,395 gain from transferring properties to Joint Venture were also recorded.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

N/A

1.13 Changes in Accounting Policies

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.

Future Accounting Pronouncements:

International Financial Reporting Standards (IFRS)

Canada's Accounting Standards board ratified a plan that will result in Canadian GAAP being converged with International Financial Reporting Standards ("IFRS") by 2011. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The changeover date of May 1, 2011 for the Company will require restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011.

The key elements, timing and status of the Company's changeover plan are outlined below:

- Developed internal knowledge to manage changeover, design systems and produce IFRS reports. Accounting staff have upgraded their knowledge and will continue throughout the process.
- Reviewed accounting policy changes that are required or are optional under IFRS on conversion and make choices where necessary. An internal review has been conducted for major differences between IFRS and Canadian GAAP, where it is likely to affect the Company. No significant impact is expected to the Company's financial reporting.
- Prepare 2010 opening balance sheets and reconciliations of 2010 interim and year end statements to Canadian GAAP statements of the same periods. These statements will be ready for the interim financial statements for the quarter ended July 31, 2011.
- Reviewed internal control implication of new policies and changeover.
- Reviewed disclosure controls and procedures in light of change to IFRS.
- Reviewed business implications of conversion such as compensation formulas and contract requirements. No significant implications have been determined.

1.14 Financial Instruments and Other Instruments

For cash and equivalents, accounts receivable, marketable securities, accounts payable and accrued liabilities, and deferred exploration contributions, the carrying amounts of these financial instruments approximate their fair value.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements.

The recoverability of the amounts capitalized for the mineral properties under exploration is dependent upon the determination of economically recoverable ore reserves, the ability to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

1.15 Other MD&A Requirements

Disclosure of Outstanding Share Capital (as at August 29, 2011)

	<u>Number of shares</u>	<u>Value</u>
Common Shares issued	209,853,171	\$ 49,532,690

	<u>Number of shares</u>	<u>Potential cash generated at exercise</u>
Incentive Stock Options	17,483,000	\$ 4,261,155
Warrants	30,000,000	\$ 7,900,000

Additional Disclosure

The Company is a venture issuer that has not had significant revenue from operations in either of its last two financial years. The Company has capitalized all expenditures relating to the exploration of its mineral properties. Details of deferred expenditures for each property are as follows:

Summary of Mineral Properties – April 30, 2011

Refer to the financial statements and notes of the Company.

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.

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. 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 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.

Subsequent Events

o 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.

o 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.

○ *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.

Other Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.