

**GOLDBROOK VENTURES INC.**  
**FINANCIAL STATEMENTS**

**April 30, 2010**

*(Audited)*

AUDITORS' REPORT

BALANCE SHEET

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

STATEMENT OF DEFICIT

STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS



## AUDITORS' REPORT

To the shareholders of  
GOLDBROOK VENTURES INC.

Villeneuve Venne, S.E.N.C.R.L.  
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& d'avocats

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We have audited the balance sheet of GOLDBROOK VENTURES INC. as at April 30, 2010 and 2009 and the statements of loss and comprehensive loss, deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

VILLENEUVE VENNE, s.e.n.c.r.l.

Chartered accountants

Montreal, June 25, 2010

- August 25, 2010 for note 18 Subsequent events

By Yves Lacroix, chartered accountant auditor  
Pierre Villeneuve, chartered accountant auditor

**GOLDBROOK VENTURES INC.  
BALANCE SHEET**

	April 30,	
	<u>2010</u>	<u>2009</u> <i>(Restated)</i>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 4,644,286	\$ 5,204,353
Cash for exploration	9,406,238	6,029,701
Accounts receivable (Note 4)	10,583,050	5,897,869
Prepaid expenses	64,325	53,595
Inventory (Note 6)	1,148,664	1,553,133
Total Current Assets	<u>25,846,563</u>	<u>18,738,651</u>
Marketable Securities (Note 5)	<u>3,450</u>	<u>1,048,000</u>
Deposits on Mineral Properties	<u>181,273</u>	<u>-</u>
Investment in Company Subject To Significant Influence (Note 9)	<u>2,544,660</u>	<u>-</u>
Mineral Properties (Note 8)	<u>33,651,831</u>	<u>33,625,424</u>
Property and Equipment, net (Note 7)	<u>70,370</u>	<u>58,324</u>
<b>TOTAL ASSETS</b>	<u>\$ 62,298,147</u>	<u>\$ 53,470,399</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 842,206	\$ 99,098
Deferred exploration contribution	\$ 23,825,864	\$ 13,485,989
	<u>24,668,070</u>	<u>13,585,087</u>
<b>Shareholders' Equity</b>		
Authorized: unlimited common shares and unlimited preferred shares		
Issued – 182,654,041 common shares		
(April 30, 2009 – 178,171,699 common shares) (Note 10(b))	45,340,032	44,126,478
Common share purchase warrants outstanding (Note 10(f))	10,689,400	10,761,069
Contributed surplus (Note 15)	4,412,051	3,611,371
Accumulated other comprehensive income (loss) (Note 11)	(29,550)	(257,037)
	<u>60,411,933</u>	<u>58,241,881</u>
Deficit, accumulated during the development stage	(22,781,856)	(18,356,569)
Total Shareholders' Equity	<u>37,630,077</u>	<u>39,885,312</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 62,298,147</u>	<u>\$ 53,470,399</u>

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**

	<b>Year Ended April 30,</b>	
	<b><u>2010</u></b>	<b><u>2009</u></b> <i>(Restated)</i>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
Depreciation on property and equipment	\$ 18,330	\$ 15,411
Consulting fees (Note 16)	822,350	590,154
Financing costs (Note 3)	967,500	1,055,334
Management fees	870,720	316,000
Office and general expenses (Note 16)	686,645	441,763
Professional fees (Note 16)	172,835	359,816
Regulatory fees & services	30,331	44,771
Shareholders' communication, travel & promotion (Note 16)	523,362	493,078
Stock option compensation	1,020,000	400,000
Wages and benefits	599,302	268,702
Total General and Administration Expenses	<b><u>(5,711,375)</u></b>	<b><u>(3,985,029)</u></b>
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(5,711,375)</b>	<b>(3,985,029)</b>
<b>OTHER ITEMS</b>		
Interest income	477	9,138
Other income (Note 17)	13,014	33,815
Foreign exchange gain	-	160,489
Gain (loss) from sale of investments (Note 5)	2,480,463	(200,889)
Share of losses of company subject to significant influence (Note 9)	(1,207,866)	-
<b>NET LOSS BEFORE COMPREHENSIVE LOSS</b>	<b><u>(4,425,287)</u></b>	<b><u>(3,982,476)</u></b>
<b>OTHER COMPREHENSIVE GAIN (LOSS)</b>		
Unrealized gain (loss) from marketable securities	450	(239,037)
Reverse of unrealized loss recognized previously on marketable securities disposed during the year	227,037	-
	<b><u>227,487</u></b>	<b><u>(239,037)</u></b>
<b>COMPREHENSIVE LOSS FOR THE YEAR</b>	<b><u>(4,197,800)</u></b>	<b><u>(4,221,513)</u></b>

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

**GOLDBROOK VENTURES INC.  
STATEMENT OF DEFICIT**

	Year Ended April 30.	
	<u>2010</u>	<u>2009</u> <i>(Restated)</i>
<b>DEFICIT, BEGINNING OF YEAR S PREVIOUSLY STATED</b>	\$ (17,301,235)	\$ (14,374,093)
<b>PRIOR YEAR'S RESTATEMENT (Note 3)</b>	<u>(1,055,334)</u>	-
<b>DEFICIT, BEGINNING OF YEAR AS RESTATED</b>	(18,356,569)	(14,374,093)
<b>NET LOSS FOR THE YEAR</b>	<u>(4,425,287)</u>	(3,982,476)
<b>DEFICIT, END OF YEAR</b>	<u><u>\$ (22,781,856)</u></u>	<u>\$ (18,356,569)</u>
<b>Weighted Average Common Shares Outstanding (Note 14)</b>		
- Basic and diluted	179,941,269	170,382,617
<b>LOSS PER COMMON SHARE</b>		
- Basic	\$ (0.02)	\$ (0.02)
- Diluted	\$ (0.02)	\$ (0.02)

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

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

	<u>2010</u>	Year Ended April 30, <u>2009</u> <i>(Restated)</i>
<b>FUNDS DERIVED FROM (Applied to)</b>		
<b>Operating Activities</b>		
Comprehensive loss for the year	\$(4,197,800)	\$(4,221,513)
Items not involving cash		
Depreciation on property and equipment	18,330	15,411
(Gain) loss from sale of investments	(2,480,463)	200,889
Financing costs by issuing common shares	452,500	550,334
Stock-based compensation	1,020,000	400,000
Share of losses of subsidiary	1,207,866	
Other comprehensive (income) loss	(227,487)	239,037
	<u>(4,207,054)</u>	<u>(2,815,842)</u>
Changes in non-cash working capital balances		
(Increase) Decrease in accounts receivable	(4,685,181)	3,155,193
(Increase) Decrease in prepaid expenses	(10,730)	7,447
(Increase) Decrease in inventory	404,469	411,567
Increase (Decrease) in accounts payable	743,108	(4,660,363)
	<u>(7,755,388)</u>	<u>(3,901,998)</u>
<b>Investing Activities</b>		
Acquisition of investments in public company shares	-	(1,275,625)
Disposal of investments in public company shares	-	157,731
Investment in company subject to significant influence	(26)	-
Deposits for mining camp services	(181,273)	10,000
Deferred acquisition & exploration costs	(26,407)	614,075
Purchase of capital assets	(30,376)	(33,946)
	<u>(238,082)</u>	<u>(527,765)</u>
<b>Financing Activities</b>		
Common shares issued	470,065	2,724,000
Shares subscribed not issued	-	(673,951)
Deferred exploration contribution	10,339,875	13,485,989
	<u>10,809,940</u>	<u>15,536,039</u>
<b>Cash, Increase During the Year</b>	<b>2,816,470</b>	<b>11,106,275</b>
<b>CASH, BEGINNING OF YEAR</b>		
Cash	5,204,353	127,779
Cash for exploration	6,029,701	-
Total cash, beginning of year	<u>11,234,054</u>	<u>127,779</u>
<b>CASH, END OF YEAR</b>		
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>

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

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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**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.

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 \$22,781,856, 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, 2010 and 2009**

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**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 are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(d) Financial Instruments

(i) Financial Instruments – Change in Accounting Policies

The Company has adopted new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants (“CICA”). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

*Recognition and Measurement – Impact of adopting Sections 3855 and 3861*

In accordance with this new standard the Company now 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, 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 standard introduces the concept of comprehensive loss, which consists of net loss and other comprehensive income. The Company’s financial statements now 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 new category within shareholders’ equity on the balance sheet.

*Hedges (CICA Handbook Section 3865)*

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company has not designated any hedging relationships.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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

(d) Financial Instruments (cont'd)

(i) Financial Instruments – Change in Accounting Policies (cont'd)

*Capital Disclosures*

On December 1, 2006, the CICA issued Section 1535, Capital Disclosures. Section 1535 requires the disclosure of (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with capital requirements; and, (iv) if an entity has not complied with such capital requirements, the consequences of such non-compliance. This standard became effective on January 1, 2008.

*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, 2010. The Company is not subject to externally imposed capital requirements.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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

(d) Financial Instruments (cont'd)

(i) Financial Instruments – Change in Accounting Policies (cont'd)

*Financial Instruments - Disclosures and presentation*

On December 1, 2006, the CICA issued two new accounting standards, Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation. These standards replace Section 3861, Financial Instruments – Disclosure and Presentation and enhance the disclosure of the nature and extent of risks arising from financial instruments and how the entity manages those risks. These new standards became effective on January 1, 2008.

In January 2009, the Emerging Issues Committee issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” (“EIC-173”). The Committee concluded that an entity’s credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities.

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.

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”), was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of the fair value hierarchy are:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
- Level 3: Inputs that are not based on observable market data.

As at April 20, 2010 and April 30, 2009, 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, 2010 and April 30, 2009 respectively.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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

(d) Financial Instruments (cont'd)

(i) Financial Instruments – Change in Accounting Policies (cont'd)

*Sensitivity Analysis*

As of April 30, 2010, both the carrying and fair value amounts of the Company's financial instruments are the same. 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, 2010, 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, 2010, 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.

(ii) Credit Risk

The Company places its investment in public company shares in several financial instruments and, limits the amount of credit exposure.

(iii) Foreign Currency Risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. The 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.

(iv) Liquidity Risk

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. The fair values are determined by using the close market prices of the last day of the period. At the same time, the unrealized gain or loss from change of fair value of the marketable securities are recognized as "other comprehensive income".

The Company is exposed to liquidity risk which is the risk that the Company will encounter difficulty in selling all of these common shares at an amount at least equivalent to its cost.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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

(e) Investments In Company Subject To Significant Influence

As a result of the recent acquisition (Note 9), the Company applies equity method, pursuant to GAAP, to record its investment in the company subject to significant influence with 25% of the voting shares. The initial fair value of the investment in the company subject to significant influence was determined by using the closing price on Toronto Stock Exchange.

(f) New Accounting Policies

(i) Newly Adopted Accounting Policies

*Mining Exploration Costs*

In March 2009, the Emerging Issues Committee issued EIC-174, "Mining Exploration Costs", which provides guidance on the capitalization of exploration costs related to mining properties and the impairment review of such capitalized exploration costs. This EIC became effective of the Company during fiscal year 2009. The application of this EIC did not have an effect on the Company's financial statements.

*Section 1400, "General Standards of Financial Statement Presentation"*

Section 1400, "General Standards of Financial Statement Presentation" provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. The adoption of this standard did not have any impact on the Company's financial statements.

*Business Combinations*

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligation for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. Adoption of this standard had no impact on the Company's financial statements.

*Non-controlling Interests*

In January 2009, the CICA issued Handbook Section 1602, "Non-controlling Interests" which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is effective for 2011. Earlier adoption is permitted. Adoption of this standard had no impact on the Company's financial statements.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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

(f) New Accounting Policies (cont'd)

(i) Newly Adopted Accounting Policies (cont'd)

*Consolidated Financial Statements*

In January, 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. Adoption of this standard had no impact on the Company's financial statements.

*Equity*

In August 2009, the CICA issued certain amendments to Section 3251, "Equity". The amendments apply to entities that have adopted Section 1602, "Non-controlling Interests". The amendments require separate presentation on the statements of operations and comprehensive income of income attributable to owners of the Company and those attributable to non-controlling interest. The amendments also require that non-controlling interests be presented separately as a component of equity. The amendments had no impact to the Company's financial statements of the year ended April 30, 2010.

(ii) 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 on the Company's financial statements has not yet been determined.

(g) 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, 2010 and 2009**

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

(h) 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. Revenues 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.

(i) 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.

(j) Mineral Properties Acquisition Costs and Deferred Exploration Costs

- 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 current operations.
- iii) An impairment loss is recognized when the carrying amount of mineral properties is not recoverable and exceeds its fair value. Mineral properties are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 2. Summary of Significant Accounting Policies (cont'd)**

(k) Stock-based 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.

(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 mineral property, 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.

(n) 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.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 2. Summary of Significant Accounting Policies (cont'd)**

(o) 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 years ended April 30, 2010 and 2009, all of the outstanding stocks are antidilutive (Note 14).

**Note 3. Prior Year's Adjustment**

In the April 30, 2009 financial statements, finder's fees of \$1,055,334 should have been recorded as financial fees in the statement of loss and comprehensive loss. The net loss would have been increased by \$1,055,334, the deferred exploration contributions should have been increased by \$505,000 and the share capital should have been increased by \$550,334. The items affected by these adjustments have been corrected retroactively.

**Note 4. Accounts Receivable**

The followings are included in accounts receivable

	<b>April 30,</b>	
	<u><b>2010</b></u>	<u><b>2009</b></u>
GST receivable	\$ <b>85,948</b>	\$ 54,602
QST receivable	<b>18,349</b>	40,074
Quebec Mining Duties credit receivable (Note 8(i))	<b>6,204</b>	1,315,218
Quebec Corporate Tax credit receivable (Note 8(i))	-	32,628
Receivable from related parties (Note 12)	-	134,459
Receivable from joint venture partner (Note 8(i))	<b>10,472,549</b>	4,320,888
<b>Total</b>	<b>\$ 10,583,050</b>	<b>\$ 5,897,869</b>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5. Marketable Securities**

As April 30, 2010, the Company had available for sale securities as follows:

	<u>April 30, 2010</u>			April 30, 2009		
	<u># of shares</u>	<u>Cost</u>	<u>Market value</u>	<u># of shares</u>	<u>Cost</u>	<u>Market value</u>
<b><u>Common Shares</u></b>						
Resolve Ventures Inc.	15,000	\$33,000	\$3,450	15,000	\$33,000	\$3,000
Canadian Royalties Inc.	-	-	-	4,750,000	1,272,037	1,045,000
		<u>\$33,000</u>	<u>\$3,450</u>		<u>\$1,305,037</u>	<u>\$1,048,000</u>

On November 13, 2009, 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 (Note 9). 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 13, 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, and all unrealized losses recorded previously as other comprehensive loss were reversed (Note 11).

**Note 6. Inventory**

	<u>2010</u>	<u>2009</u>
Fuel inventory	<u>\$ 1,148,664</u>	<u>\$1,553,133</u>

**Note 7. Property and Equipment**

<b>April 30, 2010</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
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>

  

<b>April 30, 2009</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
Office equipment	\$ 35,153	\$ 13,971	\$ 21,182
Computer equipment	84,519	47,377	37,142
	<u>\$ 119,672</u>	<u>\$ 61,348</u>	<u>\$ 58,324</u>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 8. Mineral Properties**

	Balance, April 30, 2009	Increased in the year ended April 30, 2010	Balance, April 30, 2010
(a) <b>Onaman River</b>			
Acquisition costs	\$ -	\$ 25,845	\$ 25,845
Deferred exploration costs			
- Claims maintenance & staking	9,098	562	9,660
Total deferred exploration costs	9,098	562	9,660
<b>Total Onaman River</b>	9,098	26,407	35,505
(b) <b>Belanger</b>			
) 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)	-	(7,217,959)
<b>Total Belanger</b>	\$ 10,141,791	-	\$ 10,141,791

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 8. Mineral Properties (cont'd)**

	Balance, April 30, 2009	Increased in the year ended April 30, 2010	Balance, April 30, 2010
(c) <b>Nuvilik</b>			
Acquisition costs			
- Cash	\$ 67,033	\$ -	\$ 67,033
- Shares	445,848	-	445,848
<b>Total acquisition costs</b>	<b>512,881</b>	<b>-</b>	<b>512,881</b>
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
<b>Total deferred exploration costs</b>	<b>1,328,380</b>	<b>-</b>	<b>1,328,380</b>
Mineral exploration credits	(484,232)	-	(484,232)
<b>Total Nuvilik</b>	<b>1,357,029</b>	<b>-</b>	<b>1,357,029</b>
(d) <b>Ungava</b>			
) Acquisition costs			
- Cash	134,828	-	134,828
- Shares	323,736	-	323,736
<b>Total acquisition costs</b>	<b>458,564</b>	<b>-</b>	<b>458,564</b>
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
<b>Total deferred exploration costs</b>	<b>4,628,408</b>	<b>-</b>	<b>4,628,408</b>
Mineral exploration credits	(1,703,385)	-	(1,703,385)
<b>Total Ungava</b>	<b>\$ 3,383,587</b>	<b>-</b>	<b>\$ 3,383,587</b>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 8. Mineral Properties (cont'd)**

	Balance, April 30, 2009	Increased in the year ended April 30, 2010	Balance, April 30, 2010
<b>(e) Wakeham</b>			
Acquisition costs			
- Cash	\$ 26,730	\$ -	\$ 26,730
- Shares	1,797,104	-	1,797,104
<b>Total acquisition costs</b>	<b>1,823,834</b>	<b>-</b>	<b>1,823,834</b>
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
<b>Total deferred exploration costs</b>	<b>4,412,940</b>	<b>-</b>	<b>4,412,940</b>
Mineral exploration credits	(1,660,115)	-	(1,660,115)
<b>Total Wakeham</b>	<b>\$ 4,576,659</b>	<b>-</b>	<b>\$ 4,576,659</b>
<b>(f) Masuparia</b>			
Acquisition costs			
- Shares	1,792,040	-	1,792,040
<b>Total acquisition costs</b>	<b>1,792,040</b>	<b>-</b>	<b>1,792,040</b>
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
<b>Total deferred exploration costs</b>	<b>1,738,930</b>	<b>-</b>	<b>1,738,930</b>
Mineral exploration credits	(647,712)	-	(647,712)
<b>Total Masuparia</b>	<b>\$ 2,883,258</b>	<b>-</b>	<b>\$ 2,883,258</b>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 8. Mineral Properties (cont'd)**

	Balance, April 30, 2009	Increased/(adjustment ) in the year ended April 30, 2010	Balance, April 30, 2010
<b>(g Bravo)</b>			
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
<b>Total acquisition costs</b>	<b>8,350,000</b>	<b>-</b>	<b>8,350,000</b>
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)	-	(2,279,138)
<b>Total Bravo</b>	<b>\$ 11,274,002</b>	<b>-</b>	<b>\$ 11,274,002</b>
<b>(h Raglan Joint Venture Project)</b>			
Deferred exploration costs			
- Claims and government fees	1,402,351	271,197	1,673,548
- Camp management and logistics	1,938,752	2,243,658	4,182,410
- Contractor support services	13,373	282,700	296,073
- Drilling	1,815,344	2,195,563	4,010,907
- Equipment, supplies, and consumable	43,219	497,103	540,322
- Fuel and fuel storage	1,076,790	1,018,164	2,094,954
- General administration	52,906	69,510	122,416
- General transport and shipping	15,693	47,314	63,007
- Geochemistry and research analysis	256,899	212,617	469,516
- Geophysics and remote sensing	4,440,907	2,176,610	6,617,517
- Permitting and community relations	91,756	110,353	202,109
- Professional services	515,128	(478,420)	36,708
- Project air support	1,905	3,432,188	3,434,093
- Project travel	97,993	82,938	180,931
- Salaries & benefits	976,883	1,245,291	2,222,174
Deferred exploration costs	12,739,899	13,406,786	26,146,685
Mineral exploration credits	(4,320,888)	(6,151,661)	(10,472,549)
<b>Total Raglan Joint Venture Project</b>	<b>8,419,011</b>	<b>7,255,125</b>	<b>15,674,136</b>
<b>Payment from joint venture partner</b>	<b>(8,419,011)</b>	<b>(7,255,125)</b>	<b>(15,674,136)</b>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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<b>Total Mineral Properties</b>	33,625,424	26,407	<b>33,651,831</b>
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**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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**Note 8. Mineral Properties (cont'd)**

**(g) 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. Fifteen leases had expired in 2006 and ten more leases in 2007. The Company is working in conjunction with a third party and the Ontario government to return these leases and patents to be in good standing. There are seven patents and eight lease claims which are in good standing. During the year ended April 30, 2010, the Company paid claim renewal fees to Ontario government to keep the lease claims in good standing.

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

The Company is holding six property blocks in Raglan area as follows:

	Claims	Acres
Belanger	1,056	107,400
Nuvulik	1,422	144,461
Masuparia	990	100,386
Wakeham	1,827	183,016
Ungava	1,801	181,310
Bravo	1,804	177,872

The Company holds 100% interest in all these claims except for the claims located within the Bravo block.

Belanger block is located in the west region of Raglan exploration area. These claims are within 60km southwest of Raglan Mine.

Nuvulik block is north to Belanger block, about 40km due west of the Raglan Mine.

Masuparia block is less than 10 km due south of Raglan Mine.

Wakeham block is in the east region of Raglan exploration area. These claims are 20km of the Raglan Mine.

Ungava block is located south of the Wakeham block. These claims are within 30 km of the Raglan Mine.

Bravo block is located between Masuparia, Nuvulik, and Belanger block.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8. Mineral Properties (cont'd)**

**(b) – (h) Raglan Area Properties – District of Northern Quebec (cont'd)**

On August 29, 2008, the Company announced that it had entered into a definitive option and joint venture agreement (the “Agreement”) with Jilin Jien Nickel Industry Co. Ltd. of Panshi, Jilin China (“Jien”) for the exploration and development of the Company’s Raglan District Properties (the “Property”) comprising some 891,000 acres in northern Quebec. Pursuant to the Agreement:

- Jien may earn a 50% interest in the Property by providing funding of \$45 million over three years for exploration on the property (plus any funds rebated by the government for expenditures during the first two years), with a minimum expenditure in the first year of \$12.5 million, a minimum of \$15 million in the second year plus any rebates for expenditures in the first year and a minimum expenditure in the third year of \$17.5 million plus any rebates for expenditures in the second year.
- Upon Jien acquiring a 50% interest, any government rebate from exploration expenditures in the third year will be applied to a fourth year work program and other costs will be funded 50% by Jien and 50% by the Company.
- Jien may earn an additional 10% interest by funding and completing a pre-feasibility study.
- Jien may earn an additional 10% interest by funding and completing a bankable feasibility study.
- Jien may earn an additional 5% interest by providing the Company its share of financing for development on commercial terms in which case the Company will repay its share of the debt from a portion of the net cash flow from production.

As at April 30, 2010, Jien has provided funding of \$39.5 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 \$12 million is part of the funding for the third year.

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

9,203,041 common shares of the Company have been issued and a \$1,020,000 cash finder’s fee has been paid to a third party in connection with the Agreement and in accordance with the policies of the TSX Venture Exchange. The cash finder’s fee and value of the common shares issued in lieu of finder’s fee have been recorded as financing costs.

In July 2009, the Company’s commenced its 2009 nickel-copper PGE sulphide exploration program in the Raglan Belt, northern Quebec.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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**Note 8. Mineral Properties (cont'd)**

**(i) Mineral Exploration Credits**

As a result of the Company incurring exploration expenditures on its Quebec mineral properties, the Company has an accumulated Quebec corporate tax credits and Quebec mining duties credits of \$13,992,541; of which, \$6,204 Quebec mining duties credits have not been received as at April 30, 2010 and have been included in accounts receivable (Note 4). Also included in accounts receivable (Note 4) are \$4,320,888 Quebec corporate tax credits and Quebec mining duties credits for 2009 and \$6,151,661 Quebec corporate tax credits and Quebec mining duties credits for 2010 that have been claimed by Jien (Note 8(b)-(h)) and will be used in next year's Raglan project exploration.

**Note 9. Take-over Bid And Investment In Company Subject To Significant Influence**

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 (the "Shares") at a price of Cdn\$0.60 in cash per share and all of the outstanding 7% convertible senior unsecured debentures due March 31, 2015 (the "Debentures") at a price of Cdn\$600 per Cdn\$1,000 principal amount of debentures, plus accrued and unpaid interest up to, but excluding, the date the debentures are taken up under the take-over bid. Total cash consideration of approximately Cdn\$148.5 million will be offered (including accrued interest on the Debentures). The offer is subject to customary conditions including that a minimum of 66.66% of the outstanding shares on a fully diluted basis and 66.66% of the outstanding aggregate principal amount of debentures are tendered to the offer, receipt of all required regulatory approvals.

The offer for the shares and the debentures are being made by Jien Canada Mining Ltd. ("Jien Canada"), a company jointly owned by the Company (25%) and JJ Holdco (75%). Jien Canada will be responsible subsequently for managing its operations. A representative of Jilin Jien and a representative of the Company have been appointed as managers of the offers and they are responsible for all matters relating to the offers, subject to unanimous approvals of the board of directors. The Directors shall be responsible for the management, direction and control of the operations. Their number shall initially be five and shall be comprised of three nominees of JJ Holdco and two nominees of the Company.

Jilien Jien has deposited an initial contribution which JJ Holdco will use to finance the offers and the related expenses. Thereafter, JJ Holdco is responsible for providing 100% of the funding for the operations.

The Company has agreed to pay success fees to a financial agent upon the successful completion of the offers and any subsequent acquisition transaction to acquire 100% of the shares and debentures.

JJ Holdco is responsible for providing 100% of the funding required for the offeror's operations; however, JJ Holdco may arrange for the offeror to obtain such funding amounts directly from third party lenders.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 9. Take-over Bid And Investment In Company Subject To Significant Influence (cont'd)**

With several amendments and extensions to the Officers, on January 13, 2010, Industry Canada issued a Certificate of Arrangement (the "Arrangement") to Canadian Royalties in connection with the plan of arrangement between Canadian Royalties and Jien Canada. Accordingly, the Arrangement between the parties was complete. Under the Agreement, Jien Canada acquired all of the outstanding common shares of Canadian royalties in exchange for \$0.80 per shares. As a result of the Arrangement, Jien Canada now owns 100% of the outstanding shares of Canadian Royalties. The Company owns 25% of the voting shares of Jien Canada.

Also as a result of the acquisition, the outstanding 7% convertible senior unsecured debentures due March 31, 2015 of Canadian Royalties were delisted from the Toronto Stock Exchange on December 29, 2009. The common shares of Canadian Royalties were delisted from the Toronto Stock Exchange on January 15, 2010.

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".

By using the equity method, the Company will include 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.

As at April 30, 2010, the Company has investment in Jien Canada Mining Ltd. as follows:

	<u>April 30, 2010</u>			<u>April 30, 2009</u>		
	<u># of shares</u>	<u>Cost</u>	<u>Market value</u>	<u># of shares</u>	<u>Cost</u>	<u>Market value</u>
Class A shares.	25	\$ 25	\$25	-	\$ -	\$ -
Class B shares	4,750,001	3,752,501	3,752,501	-	-	-
		<u>\$3,752,526</u>	<u>\$3,752,526</u>		<u>\$ -</u>	<u>\$ -</u>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 10. Capital Stock**

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

(b) **Issued and outstanding:**

	For the year ended April 30, 2010		For the year ended April 30, 2009 <i>(restated)</i>	
	Number of Common Shares	\$	Number of Common Shares	\$
<b>Balance, April 30, 2009 and 2008</b>	<b>178,171,699</b>	<b>\$ 44,126,478</b>	148,289,700	\$ 41,081,214
<u>Common shares issued for cash</u>				
- Private Placement @ \$0.125			21,887,000	2,735,875
- Stock option exercised @ \$0.21	300,000	63,000		
- Stock option exercised @ \$0.125	875,000	109,375		
- Stock option exercised @ \$0.225	428,000	96,300		
- Stock option exercised @ \$0.36	100,000	36,000		
- Warrants exercised @ \$0.30	551,300	165,390		
- Commissions & legal fees				(11,875)
- Commissions taken in shares			1,020,000	
<u>Common shares issued as finder's fee</u>	<u>2,228,042</u>	<u>452,500</u>	6,974,999	550,334
<u>Valuation adjustments of warrants &amp; options</u>				
Black-Scholes valuation on warrants granted				(229,070)
Reverse Black-Scholes valuation on warrants exercised		71,669		
Reverse Black-Scholes valuation on options exercised		219,320		
Subtotal	<u>4,482,342</u>	<u>1,213,554</u>	29,881,999	3,045,264
<b>Balance April 30, 2010 and 2009</b>	<b><u>182,654,041</u></b>	<b><u>\$ 45,340,032</u></b>	178,171,699	\$ 44,126,478

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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**Note 10. Capital Stock (cont'd)**

**(c) Private Placement and Other Issuance of Common Shares**

On June 18, 2008, the Company closed its non-brokered private placement by issuing 21,887,000 units at a price of \$0.125 per unit for gross proceeds of \$2,735,875. Each unit consists of: (a) one common share; and (b) 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. A finder's fee of \$11,875 and 1,020,000 units were paid in connection with a portion of the private placement.

The Company issued 6,974,999 common shares during the year ended April 30, 2009 and 2,228,042 common shares during the year ended April 30, 2010 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)).

**(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.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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**Note 10. Capital Stock (cont'd)**

**(d) Shareholder Rights Plan (cont'd)**

“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.

**(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 July 18, 2008, the Company announced that pursuant to the company’s stock option plan, an aggregate of 5,000,000 incentive stock options had been granted to certain directors, officers, employees and consultants. The options have an exercise price of \$0.125 with a five year term.

During the year ended April 30, 2009, 1,090,000 stock options were cancelled and 982,000 stock options expired.

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, 2010, 1,703,000 stock options were exercised, 200,000 stock options were cancelled, and 1,938,000 stock options expired without exercise.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10. Capital Stock (cont'd)**

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

A summary of the Company's outstanding stock options as of April 30, 2010 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>
<b>Balance Outstanding, April 30, 2009</b>	15,779,000	\$ 0.213
Exercised	(300,000)	0.21
Exercised	(875,000)	0.125
Exercised	(428,000)	0.225
Exercised	(100,000)	0.36
Expired	(1,438,000)	0.225
Expired	(500,000)	0.26
Cancelled	(200,000)	0.36
Granted	6,000,000	0.31
<b>Balance Outstanding, April 30, 2010</b>	<u><b>17,938,000</b></u>	

Incentive stock options outstanding at April 30, 2010 to directors, officers and employees are as follows:

<u>Number of options Outstanding and exercisable</u>	<u>Expiry date</u>	<u>Exercise price</u>
250,000	January 10, 2011	\$ 0.225
670,000	March 3, 2011	\$ 0.230
2,393,000	June 27, 2012	\$ 0.360
4,500,000	January 13, 2013	\$ 0.210
4,125,000	July 17, 2013	\$ 0.125
6,000,000	April 28, 2015	\$ 0.310
<u>17,938,000</u>		

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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**Note 10. Capital Stock (cont'd)**

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

The fair value of the 5,000,000 stock options granted on July 18, 2008 and 6,000,000 stock options granted on April 29, 2010 are estimated on the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	<u>July 18, 2009</u>	<u>April 29, 2010</u>
Dividend Yield	Nil	Nil
Expected volatility	103%	64%
Risk free rate of return	5.5%	1.6%
Expected life of options	5 years	5 years

The weighted average fair value of the 5,000,000 options granted on July 18, 2008 was \$0.08 per option granted, and the weighted average fair value of the 6,000,000 options granted on April 29, 2010 was \$0.17 per option granted. Those stock options resulted in a stock-based compensation of \$400,000 and \$1,020,000 which are expensed during the year ended April 30, 2009 and 2010 respectively.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10. Capital Stock (cont'd)**

**(f) Share Purchase Warrants – Common Shares**

	<u>Warrants</u>	<u>Expiry Date</u>	<u>Exercise Price</u>
	8,372,300	Oct. 27, 2010	\$0.30
	9,196,613	Oct. 4, 2009	\$0.45
	9,196,612	Oct. 4, 2009	\$1.00
	17,552,517	June 7, 2010	\$0.50
	17,552,517	June 7, 2010	\$1.00
	1,669,300	June 7, 2009	\$0.50
	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
	416,279	September 6, 2009	\$0.50
	6,275,679	September 27, 2010	\$0.50
	6,275,678	September 27, 2010	\$1.00
	1,255,135	September 27, 2009	\$0.50
	2,715,000	October 21, 2010	\$0.50
	608,000	November 18, 2009	\$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
	22,907,000	June 17, 2009	\$0.25
<b>Balance Outstanding, April 30, 2009</b>	<b>112,304,916</b>		
Expired	(1,669,300)	June 7, 2009	\$0.50
Expired	(22,907,000)	June 17, 2009	\$0.25
Expired	(416,279)	September 6, 2009	\$0.50
Expired	(1,255,135)	September 27, 2009	\$0.50
Expired	(9,196,613)	Oct. 4, 2009	\$0.45
Expired	(9,196,612)	Oct. 4, 2009	\$1.00
Expired	(608,000)	November 18, 2009	\$0.50
Exercised	(551,300)	Oct. 27, 2010	\$0.30
<b>Balance Outstanding, April 30, 2010</b>	<b>66,504,677</b>		

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 10. Capital Stock (cont'd)**

**(g) Share Reserved – Common Shares**

	<b>Number of shares</b>	
	<b>April 30, 2010</b>	<b>April 30, 2009</b>
Stock options	17,938,000	15,779,000
Share Purchase Warrants	66,504,677	112,304,916
Total	<b>84,441,677</b>	<b>128,083,916</b>

**Note 11. 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 2009 includes:

	<b>April 30, 2010</b>	<b>April 30, 2009</b>
Balance, beginning of year	\$ (257,037)	\$ (168,772)
Reverse loss realized from selling of marketable securities	227,037	150,772
Unrealized income (loss) from marketable securities	450	(239,037)
Balance, end of year	<b>\$ (29,550)</b>	<b>\$ (257,037)</b>

**GOLDBROOK VENTURES INC.**  
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**Note 12. 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.

There is no amount due to related parties included in accounts payable and accrued liabilities at April 30, 2010 (April 30, 2009 - \$Nil).

During the year ended April 30, 2010 and 2009, 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>2010</u>	<u>2009</u>
Consulting fees		
- Financial	\$ 109,500	\$ 32,500
- Marketing	71,050	58,000
- Shareholders' communication	98,500	66,500
Equipment rental	87,189	90,617
Management fees	870,720	316,000
Professional fees	106,500	86,425
Rent	274,044	180,216
Salaries	377,250	122,400
Website fees	51,450	37,000
Deferred exploration costs	114,750	122,400
Total	<u>\$ 2,160,953</u>	<u>\$ 1,112,058</u>

As at April 30, 2010, accounts receivable include miscellaneous expenses paid on behalf of a company with common directors and management in the amount of \$Nil (2009: \$134,459).

During the year ended April 30, 2010, the Company incurred \$260,786 exploration expenses on behalf of Resolve Ventures Inc. ("Resolve"), a company with common directors and management, on Resolve's Quebec property. Resolve reimbursed the expenses to the Company and paid the Company \$13,014 management fee (Note 17).

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.

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 13. 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, 2010, 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	1,589,874
2026	1,223,581
2027	1,263,900
2028	2,718,893
2029	2,839,742
2030	2,717,985
	\$ <u>13,246,581</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:

	2010	2009
Share issue expenses	\$ 275,871	\$ 451,662
Investment in subsidiary	(380,576)	-
Mineral properties	(4,226,398)	(4,357,644)
Property and equipment	3,060	(2,502)
Non capital losses carried forward	4,277,902	3,443,574
Valuation allowance	50,141	464,910
Net future tax assets	\$ -	\$ -

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 13. 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 29.90% for 2010 and 30.90% for 2009 as a result of the following:

	Year ended April 30,	
	2010	2009
Loss before income taxes	( <b>\$4,197,800</b> )	\$ (3,166,179)
Combined federal and provincial income taxes	( <b>\$523,579</b> )	(\$978,349)
Amortization of property and equipment	<b>5,481</b>	(2,505)
Stock option based compensation	<b>304,980</b>	123,600
Shares issue expenses	( <b>151,288</b> )	(156,163)
Loss on disposal of investment	-	62,075
Donations	<b>254</b>	-
Non taxable portion of gain from sales of investments	( <b>741,658</b> )	-
Unrealized loss from marketable securities	( <b>135</b> )	73,862
Reverse of unrealized loss recognized previously on marketable securities disposed during the year	( <b>67,884</b> )	-
Share of losses of subsidiary	<b>361,152</b>	-
Valuation allowance	<b>812,677</b>	877,480
Effective income taxes	<b>\$ -</b>	\$ -

The unamortized balance for tax purposes of share issue expenses amounting to approximately \$922,647 is deductible over the next four years.

The federal and provincial deferred exploration expenditures of \$19,511,719 are available to reduce future years' taxable income; these expenditures carry forward indefinitely.

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

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 14. Loss per Common Share**

	<u>Year ended April 30, 2010</u>		<u>Year ended April 30, 2009</u>	
	Weighted Average Common Shares Outstanding	Loss Per Common Share	Weighted Average Common Shares Outstanding	Loss Per Common Share
Basic	179,941,269	<u>\$0.02</u>	170,382,617	<u>\$0.02</u>
Effect of stock options	13,853,644		15,330,364	
Effect of stock purchase warrants	78,873,874		110,048,982	
Diluted	<u>272,668,787</u>	<u>\$0.02</u>	<u>295,761,963</u>	<u>\$0.02</u>
Anti Dilutive	<u>179,941,269</u>		<u>170,382,617</u>	

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

**Note 15. Contributed Surplus**

Stock Based Compensation

	<u>Year ended April 30,</u>	
	<u>2010</u>	<u>2009</u>
Balance, Beginning of the period	\$ 3,611,371	\$ 3,211,371
Stock-based compensation	1,020,000	400,000
Adjustment on stock options exercised	(219,320)	-
Balance, End of the period	<u>\$ 4,412,051</u>	<u>\$ 3,611,371</u>

**Note 16. General and Administrative Expenses**

	<u>Year ended April 30, 2010,</u>	
	<u>2010</u>	<u>2009</u>
<u>Consulting fees</u>		
Financial	\$ 79,500	\$ 197,787
Shareholders' communication	127,300	77,975
Corporate administration	498,000	216,800
Marketing	117,550	97,592
	<u>\$ 822,350</u>	<u>\$ 590,154</u>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

**Note 16. General and Administrative Expenses (cont'd)**

<u>Office and general expenses</u>	<b>Year ended April 30,</b>	
	<b>2010</b>	<b>2009</b>
Bank charges	\$ 2,563	\$ 10,483
Capital taxes	35,811	-
Insurance	35,000	17,278
Services	137,260	29,626
Supplies	20,343	15,040
Postage and couriers	4,171	5,052
Rent and telephone	337,885	240,598
Equipment rental	90,875	90,617
Travel	-	10,713
Other	22,737	22,356
	<b>\$ 686,645</b>	<b>\$ 441,763</b>

  

<u>Professional fees</u>	<b>Year ended April 30,</b>	
	<b>2010</b>	<b>2009</b>
Accounting and audit fees	\$ 217,595	\$ 159,361
Legal fees (recovery)	(44,760)	200,455
	<b>\$ 172,835</b>	<b>\$ 359,816</b>

  

<u>Shareholder communication, travel and promotion</u>	<b>Year ended April 30,</b>	
	<b>2010</b>	<b>2009</b>
Advertising & promotion	\$ 18,032	\$ 12,982
Communications	2,500	2,500
Conferences & shows	189,617	60,466
Mail-out a& couriers	11,261	11,150
Press releases	31,022	16,894
Printing	18,769	18,106
Telephone, internet, website	150,211	146,868
Travel & entertainment	101,950	222,468
Other	-	1,644
	<b>\$ 523,362</b>	<b>\$ 493,078</b>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2010 and 2009**

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**Note 17. Other Income**

During the year ended April 30, 2010, the Company recognized \$13,014 other income (2009 - \$33,815) as a result of administrating the Raglan 2009 exploration project on behalf of Resolve Ventures Inc., a company with common directors and management.

**Note 18. Subsequent Events**

- In June 2010, 19,334,520 stock purchase warrants with an exercise price at \$0.50 per share and 17,552,517 stock purchase warrants with an exercise price at \$1.00 per share were expired without exercise.
- In August 2010, 45,000 stock options with an exercise price at \$0.31 per share and 25,000 stock purchase warrants with an exercise price at \$0.30 were exercised.
- The Company subsequently received \$4,500,000 from Jilin Jien Nickel Industry Co. Ltd. (“Jien”) as the funding for the Raglan exploration project 2010 season. And the Company also received \$3,631,975 Quebec corporate tax credits that have been claimed by Jien as part of the funding for the Raglan exploration project.
- On August 17, 2010, the Company announced that the Directors of Jien Canada Mining Ltd. (“Jien Canada”) had approved a start-up project development budget of \$122,400,000 for 2010 and had additionally approved a construction program which targets Q1 of 2012 for the commissioning and start-up of a mill and the necessary infrastructure to exploit the known resources of the Nunavik Nickel Project, located in Ungava, Northern Quebec. The Company owns 25% and Jilin Jien Nickel Industry Co., Ltd. (“Jilin Jien”) owns 75% of the voting shares of Jien Canada. Jilin Jien is responsible for providing 100% of the funding to bring the Nunavik Nickel Project into production and will be repaid for its contribution out of cash flow from production on the property if commercial production occurs.