

GOLDBROOK VENTURES INC.
INTERIM FINANCIAL STATEMENTS

July 31, 2006

(Unaudited)

NOTICE TO READER

INTERIM BALANCE SHEETS

INTERIM STATEMENTS OF INCOME (LOSS)

INTERIM STATEMENT OF RETAINED EARNINGS (DEFICIT)

INTERIM STATEMENTS OF CASH FLOWS

NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statement for the period ended July 31, 2006.

NOTICE TO READER

The interim balance sheet as at July 31, 2006 and the interim statements of loss and deficit, and the interim statements of cash flows for the three-month period then ended are the responsibility of the Company's management.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Moen and Company.

The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian Generally Accepted Accounting Principles.

/s/ David Baker

David Baker, Director
September 29, 2006

/s/ Earl Terris

Earl Terris, Director
September 29, 2006

GOLDBROOK VENTURES INC.
INTERIM BALANCE SHEETS
(With Comparative Figures at April 30, 2006)

	July 31, 2006	April 30, 2006
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3(b))	\$ 998,520	\$ 3,180,015
Accounts receivable (Note 5(k))	568,862	628,177
Prepaid expenses	66,401	53,054
Short term investments in public company shares, at cost (Note 17(c))	302,743	239,480
Total Current Assets	1,936,526	4,100,726
Deposit for Mining Camp Services (Note 5(j))	2,500	-
Mineral Properties (Note 5)		
Acquisition costs	5,329,291	5,329,291
Deferred exploration costs, net	10,928,325	8,756,356
	16,257,616	14,085,647
Mineral exploration credits (Note 5(k))	(3,627,114)	(3,629,504)
	12,630,502	10,456,143
Property and Equipment, net (Note 4)	16,399	19,293
TOTAL ASSETS	\$ 14,585,927	\$ 14,576,162
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 219,805	\$ 59,000
Shareholders' Equity		
Authorized: unlimited common shares and unlimited preferred shares		
Issued – 61,346,213 common shares		
(April 30, 2006 – 61,296,213 common shares) (Note 6(b))	20,420,975	20,409,725
Common share purchase warrants outstanding (Note 6(f))	1,458,931	1,458,931
Contributed surplus (Note 15)	1,702,831	1,600,151
	23,582,737	23,468,807
Deficit, accumulated during the development stage (Note 2)	(9,216,615)	(8,951,645)
Total Shareholders' Equity	14,366,122	14,517,162
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 14,585,927	\$ 14,576,162

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.
INTERIM STATEMENTS OF INCOME (LOSS)
FIRST QUARTER ENDED JULY 31, 2006
(With Comparative Figures for First Quarter Ended July 31, 2005)

	Three Months Ended July 31	
	2006	2005
REVENUE		
Sales (Note 9)	\$ -	\$ 342,985
Cost of goods sold	-	(308,118)
Net sales	-	34,867
GENERAL AND ADMINISTRATION EXPENSES		
Amortization	\$ 3,536	\$ 3,154
Consulting fees (Note 13)	60,000	111,066
Foreign exchange	-	5,750
Management fees	20,000	15,000
Professional fees (Note 13)	35,813	51,711
Office and general expenses (Note 13)	27,494	42,579
Property investigation	2,277	-
Regulatory fees and services	1,951	6,183
Shareholder communication, travel & promotion (Note 13)	83,687	91,613
Wages and benefits	21,069	16,222
Stock-based compensation expenses	102,680	-
Total General and Administration Expenses	359,507	343,278
PROFIT (LOSS) BEFORE OTHER ITEMS	(359,507)	(308,411)
OTHER ITEMS		
Interest income	52,256	488
Gain from sale of investments	41,281	-
Consulting income	-	9,710
NET LOSS FOR THE PERIOD	(264,970)	(298,213)
DEFICIT, BEGINNING OF PERIOD	(8,951,645)	(7,471,410)
DEFICIT, END OF PERIOD	\$ (9,216,615)	\$ (7,769,623)
Weighted Average Common Shares Outstanding - Basic	61,308,170	51,003,413
- Diluted	61,308,170	51,003,413
EARNINGS (LOSS) PER SHARE - Basic	\$ (0.004)	\$ (0.01)
- Diluted	\$ (0.004)	\$ (0.01)

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

GOLDBROOK VENTURES INC.
INTERIM STATEMENTS OF RETAINED EARNINGS (DEFICIT)
FIRST QUARTER ENDED JULY 31, 2006
(With Comparative Figures for First Quarter Ended July 31, 2005)

	Three Months Ended July 31	
	2006	2005
Operating activities		
Net loss for the period	\$ (264,970)	\$ (298,213)
Items not involving cash:		
Amortization	3,536	3,154
Stock-based compensation expense	102,680	-
Changes in non-cash working capital items		
Accounts receivable	59,315	(2,527,247)
Prepaid expenses	(13,347)	(57,870)
Accounts payable	160,805	(688,136)
Net cash used in operating activities	<u>48,019</u>	<u>(3,568,312)</u>
Investing activities		
Short term investments	(63,263)	-
Property and office equipment purchased	(642)	-
Deposit for mining camp services	(2,500)	371,262
Mineral properties	(2,174,359)	2,334,923
Net cash provided by (used in) investing activities	<u>(2,240,764)</u>	<u>2,706,185</u>
Financing activities		
Common shares issued	11,250	-
Net cash provided by financing activities	<u>11,250</u>	<u>-</u>
Cash and equivalents, increase during the year	(2,181,495)	(862,127)
Cash and equivalents, beginning of period	<u>3,180,015</u>	<u>941,132</u>
Cash and equivalents, end of period	<u><u>\$ 998,520</u></u>	<u><u>\$ 79,005</u></u>

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

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 1. Business of the Company

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 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.

Note 2. Development Stage Enterprise

The Company is considered to be a development stage enterprise and, accordingly, the deficit has been accumulated during the development stage.

Note 3. Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Cash and Cash Equivalents

Cash and cash equivalents are represented by cash on deposit and short term deposits with the Company's bankers.

(c) 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 INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 3. **Summary of Significant Accounting Policies (cont'd)**

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the 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.

Measurement Uncertainty

Certain amounts recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the company's best information and judgment. Such amounts are not expected to change materially in the near term.

(e) Financial Instruments

(i) Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments approximate their fair values since they are either short-term in nature or they are receivable or payable on demand. These financial instruments consist of cash and cash equivalents, accounts receivable, short term investments in public company shares, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks.

(ii) Foreign Exchange Risk

The Company incurs certain of its expenses and holds certain assets in currencies other than the Canadian dollar. Therefore, the Company is subject to foreign exchange risk as a result of fluctuations in exchange rates

(iii) Credit Risk

The Company places its short-term investments in several financial instruments and, limits the amount of credit exposure.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 3. **Summary of Significant Accounting Policies (cont'd)**

(f) **Environmental Issues**

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

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

(g) **Recognition Criteria**

Items recognized in these financial statements are accounted for in accordance with the accrual basis of accounting which recognizes the effect of transactions and events in the period in which they occurred. 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.

When revenues and expenses are linked in a cause and effect relationship, the expense is matched with the revenue. The costs of the assets, which benefit more than one period, are allocated over the periods benefited.

(h) **Asset Retirement Obligations**

Effective January 1, 2004, the Company adopted CICA Handbook Section 3110. Under this standard, future obligations to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site are initially recognized and recorded as a liability at fair value, assuming a credit adjusted risk-free discount rate and an inflation factor. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings. The amount of the asset retirement liability initially recognized is capitalized as part of the asset's carrying value and amortized over the asset's estimated useful life.

Under the standard, future asset retirement obligations are only recorded when the timing or amount of remediation costs can be reasonably estimated.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 3. **Summary of Significant Accounting Policies (cont'd)**

(i) Mineral Properties and Deferred Exploration Costs

Mineral Property 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. 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.

(j) Stock-based compensation

The Company has adopted the new recommendations of 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.

(k) Property and Equipment

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

Office equipment	20%
Computer equipment	30%

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 3. **Summary of Significant Accounting Policies (cont'd)**

(l) **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.

(m) **Pension and Employment Liabilities**

The Company does not have any liabilities as at July 31, 2006 for pension, post-employment benefits or post-retirement benefits. The Company does not have a pension plan.

(n) **Earnings (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 quarter ended July 31, 2006 and 2005, all of the outstanding stocks are antidilutive. (see Note 10)

Note 4. **Property and Equipment**

July 31, 2006			
	Cost	Accumulated Depreciation	Net
Office equipment	\$ 13,116	\$ 9,182	\$ 3,934
Computer equipment	38,398	25,933	12,465
	<u>\$ 51,514</u>	<u>\$ 35,115</u>	<u>\$ 16,399</u>

April 30, 2006			
	Cost	Accumulated Depreciation	Net
Office equipment	\$ 13,116	\$ 8,526	\$ 4,590
Computer equipment	37,756	23,053	14,703
	<u>\$ 50,872</u>	<u>\$ 31,579</u>	<u>\$ 19,293</u>

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties**

	Balance, July 31, 2006	First Quarter Ended July 31, 2006	Balance, April 30, 2006
(a) Onaman River			
Acquisition costs	\$ -	\$ -	\$ -
Deferred exploration costs			
- Claims maintenance & staking	3,050	-	3,050
Total deferred exploration costs	3,050	-	3,050
Total Onaman River	3,050	-	3,050
(b) Ungava			
)			
Acquisition costs			
- Cash	127,300	-	127,300
- 1 million shares @ \$0.27	270,000	-	270,000
Total acquisition costs	397,300	-	397,300
Deferred exploration costs			
- Assays	6,850	-	6,850
- Claims maintenance & staking	284,183	-	284,183
- Consultants	132,984	10,500	122,484
- Drilling	189,713	-	189,713
- Equipment rental	15,651	-	15,651
- Fees & licenses	2,096	-	2,096
- Field work & mobilization	1,076,011	-	1,076,011
- Geophysical survey	393,680	-	393,680
- Office and general	26,847	3,250	23,597
- Recoveries	(55,245)	-	(55,245)
- Reports, maps, & general	13,788	-	13,788
- Site visits	12,384	-	12,384
- Storage fuel	2,000	-	2,000
Total deferred exploration costs	2,100,942	13,750	2,087,192
Total Ungava	\$ 2,498,242	\$ 13,750	\$ 2,484,492

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

	Balance, July 31, 2006	First Quarter Ended July 31, 2006	Balance, April 30, 2006
(c) Nuvilik			
Acquisition costs			
- Cash	\$ 50,000	\$ -	\$ 50,000
- 800,000 shares @ \$0.42	336,000	-	336,000
Total acquisition costs	386,000	-	386,000
Deferred exploration costs			
- Claims maintenance & staking	53,985	-	53,985
- Consultants	45,269	2,100	43,169
- Geophysical survey	344,418	-	344,418
- Legal	16,606	-	16,606
- Field office and general	14,377	650	13,727
- Reports & maps	4,390	-	4,390
- Site visits	8,253	-	8,253
- Storage fuel	2,000	-	2,000
Total deferred exploration costs	489,298	2,750	486,548
Total Nuvilik	875,298	2,750	872,548
(d) Belanger			
Acquisition costs			
- Cash	121,200	-	121,200
- 200,000 shares @ \$0.45	90,000	-	90,000
- 1,200,000 shares @ \$0.42	504,000	-	504,000
Total acquisition costs	715,200	-	715,200
Deferred exploration costs			
- Assays	8,637	-	8,637
- Claims maintenance & staking	128,768	-	128,768
- Consultants	115,623	2,100	113,523
- Drilling	692,933	-	692,933
- Equipment rental	122,533	-	122,533
- Equipment	1,852	-	1,852
- Field work & mobilization	1,759,068	-	1,759,068
- Geophysical survey	453,969	-	453,969
- Legal	54,100	-	54,100
- Field office and general	25,899	650	25,249
- Reports & maps	15,977	-	15,977
- Site visits	13,023	-	13,023
- Storage fuel	4,000	-	4,000
Total deferred exploration costs	3,396,382	2,750	3,393,632
Total Belanger	\$ 4,021,582	\$ 2,750	\$ 4,108,832

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

	Balance, July 31, 2006	First Quarter Ended July 31, 2006	Balance, April 30, 2006
(e) Inlet (Wakeham)			
Acquisition costs			
- Cash	\$ 19,500	\$ -	\$ 19,500
- 200,000 shares @ \$0.61	122,000	-	122,000
- 3,000,000 shares @ \$0.53	1,590,000	-	1,590,000
Total acquisition costs	1,731,500	-	1,731,500
Deferred exploration costs			
- Assays	4,687	-	4,687
- Claims maintenance & staking	84,303	-	84,303
- Consultants	108,693	10,500	98,193
- Drilling	338,565	-	338,565
- Equipment rental	52,900	-	52,900
- Field work & mobilization	1,047,028	-	1,047,028
- Geophysical survey	295,487	-	295,487
- Field office and general	31,294	3,250	28,044
- Recoveries	(1,885)	-	(1,885)
- Reports & maps	6,227	-	6,227
- Site visits	8,436	-	8,436
- Storage fuel	24,550	-	24,550
Total deferred exploration costs	2,000,185	13,750	1,986,435
Total Inlet	3,731,685	13,750	3,717,935
(f) Masuparia			
Acquisition costs			
- 200,000 shares @ \$0.61	122,000	-	122,000
- 3,000,000 shares @ \$0.53	1,590,000	-	1,590,000
Total acquisition costs	1,712,000	-	1,712,000
Deferred exploration costs			
- Assays	663	-	663
- Claims maintenance & staking	69,777	-	69,777
- Consultants	59,409	10,500	48,909
- Field work & mobilization	40,169	-	40,169
- Geophysical survey	143,127	-	143,127
- Field office and general	20,743	3,250	17,493
- Recoveries	(969)	-	(969)
- Reports & maps	5,270	-	5,270
- Site visits	4,000	-	4,000
- Storage fuel	20,969	-	20,969
Total deferred exploration costs	363,158	13,750	349,408
Total Masuparia	\$ 2,075,158	\$ 13,750	\$ 2,061,408

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

	Balance, July 31, 2006	First Quarter Ended July 31, 2006	Balance, April 30, 2006
(g) Ubex			
Acquisition costs			
- Cash	\$ 30,000	\$ -	\$ 30,000
- 125,000 shares @ \$0.48	60,000	-	60,000
Total acquisition costs	90,000	-	90,000
Deferred exploration costs			
- Claims maintenance & staking	43,045	-	43,045
- Consultants	20,939	2,100	18,839
- Geophysical survey	51,931	-	51,931
- Field office and general	9,307	650	8,657
- Storage fuel	2,100	-	2,100
Total deferred exploration costs	127,322	2,750	124,572
Total Ubex	217,322	2,750	214,572
(h) VVC			
Acquisition costs			
- Cash	90,000	-	90,000
- 200,000 shares @ \$0.48	96,000	-	96,000
- 225,000 shares @ \$0.40	90,000	-	90,000
Total acquisition costs	276,000	-	276,000
Deferred exploration costs			
- Claims maintenance & staking	65,175	-	65,175
- Consultants	18,264	2,100	16,164
- Geophysical survey	119,668	-	119,668
- Field office and general	9,144	650	8,494
- Storage fuel	1,625	-	1,625
Total deferred exploration costs	213,876	2,750	211,126
Total VVC	489,876	2,750	487,126
(i) Scott			
Acquisition costs			
- Cash	21,291	-	21,291
Total acquisition costs	21,291	-	21,291
Deferred exploration costs			
- Claims & maintenance	36,871	-	36,871
- Consultants	21,965	2,100	19,865
- Geophysical survey	47,897	-	47,897
- Field office & general	10,411	650	9,761
Deferred exploration costs	117,144	2,750	114,394
Total Scott	138,435	2,750	135,685
Deposit	2,500	-	-
Raglan project	2,116,969	2,116,969	-
Total			
Acquisition costs	5,329,291	-	5,329,291
Deferred exploration costs	10,930,825	2,174,469	8,756,356
Total Mineral Properties	\$ 16,260,116	\$ 2,174,469	\$ 14,085,647

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

(a) **Onaman River Property**

For the year ended April 30, 2002, these mining 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 two separate groups of claims and a net smelter royalty of 2% - 3% on the balance of claims. The Company wrote-off the nominal value of \$1.00 in the year ended April 30, 2003. The Onaman claims remain in good standing.

Minimal expenses were incurred to maintain the Onaman claims in good standing.

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

The Company currently has eight separate property agreements in the Ungava Region.

Property #1 (Ungava):

By Letter of Intent dated January 23, 2003, and subsequent regulatory approvals dated January 31, 2003, the Company acquired from Peter Bambic a 100% interest in 99,014 acres in the Ungava region of Northern Quebec under the following terms:

- (i) The Company will make a payment of \$100,000 to the vendor upon receipt of Exchange approval (paid);
- (ii) The Company will issue one million common shares of Goldbrook to the vendor upon receipt of Exchange approval (issued). These shares were issued at a price of \$0.27 per share for a total of \$270,000;
- (iii) The property is subject to a 1% net smelter return on any mineral production from the property and the Company has the option to purchase up to one-half of the 1% royalty for \$1,000,000.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

(c) **Property # 2 (Nuvilik):**

By Letter of Intent dated March 26, 2003, and subsequent regulatory approvals dated April 4, 2003, the Company acquired from Peter Bambic a 100% interest in 55,421 acres in the Ungava region of Northern Quebec under the following terms:

- (i) The Company will make a payment of \$50,000 to the vendor upon receipt of Exchange approval (paid);
- (ii) The Company will issue 800,000 common shares of Goldbrook to the vendor upon receipt of Exchange approval (issued). These shares were issued at a deemed price of \$0.42 per share for a total of \$336,000;
- (iii) The property is subject to a 1% net smelter return on any mineral production from the property and the Company has the option to purchase up to one-half of the 1% royalty for \$1,000,000.

On April 25, 2005, the Company signed a definitive option and joint venture agreement ("Agreement") with Anglo American Exploration (Canada) Ltd. ("AAEC") with respect to the Company's Nuvilik and Belanger properties (the "Properties"). The Agreement granted AAEC the option to acquire up to a 70% interest in the Properties by funding exploration and delivering a full feasibility study.

AAEC may earn an undivided 51% interest in the Properties by funding not less than \$20 million in exploration expenditures on or before the fourth anniversary of the Agreement. AAEC has committed to fund \$5 million in exploration before March 31, 2006. AAEC may earn an additional 19%, taking its total interest to 70%, by funding and delivering a full feasibility study. AAEC may terminate the option at any time after incurring a minimum of \$5 million in exploration expenditures. AAEC shall be the operator during the exploration phase and all other phases provided it holds at least a 50% interest.

Should a decision be made to proceed to development, AAEC has agreed to use reasonable efforts to arrange development financing based on the then prevailing market conditions for financings of the project then contemplated. Goldbrook will have the option of either accepting the financing arranged by AAEC or arranging its own financing. Following a development decision, each party shall be obligated to fund its pro rata share of all costs. A party who fails to fund its share of costs shall be diluted pro rata. A party that has its interests reduced to 10% or less shall have the option of receiving a 3% net smelter royalty (1.5% of which may be purchased for \$5 million) or receiving the fair market value of the 3% net smelter royalty.

On August 2, 2005, the Company announced that AAEC had begun diamond drilling on the Belanger property in the Raglan District of northern Quebec.

The 2005 exploration program by AAEC included geological mapping and prospecting, ground based geophysical surveys, and soil geochemistry surveys on both the Belanger and Nuvilik properties. Diamond drilling during the 2005 exploration program was to be completed on the Belanger property to follow-up areas of mineralization identified during the 2004 exploration program, and to test emerging targets elsewhere on the Belanger Property.

On December 15, 2005, AAEC had given notice to the Company that they will be proceeding with a 2006 exploration program on the Belanger and Nuvilik properties.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

(d) **Property # 3 (Belanger):**

By Letter of Intent dated March 26, 2003, and subsequent regulatory approvals dated April 4, 2003, the Company acquired from Mackenzie James a 100% interest in 90,675 acres in the Ungava region of Northern Quebec under the following terms:

- (i) The Company will make a payment of \$90,000 to the vendor upon receipt of Exchange approval (paid);
- (ii) The Company will issue 1,200,000 common shares of Goldbrook to the vendor upon receipt of Exchange approval (issued). These shares were issued at a price of \$0.42 per share, for a total of \$504,000;
- (iii) The property is subject to a 1% net smelter return on any mineral production from the property and the Company has the option to purchase up to one-half of the 1% royalty for \$1,000,000.

On January 6, 2004, the Company announced the acquisition of five mineral claims comprising 198 acres located within the boundaries of the Company's 90,675-acre Belanger Property in the western part of the Raglan District, northern Quebec. The consideration payable for a 100% interest in the subject property is 200,000 common shares to be issued on receipt of Exchange approval. On January 16, 2004, the TSX Venture Exchange approved the Company's "Expedited Acquisition Filing" and the 200,000 shares were issued at a deemed price of \$0.45 per share for a total of \$90,000.

On April 25, 2005, the Company signed the definitive option and joint venture agreement ("Agreement") with Anglo American Exploration (Canada) Ltd. ("AAEC") with respect to the Company's Nuvilik and Belanger properties (the "Properties") (refer to Note 5(d) for details).

(e) **Property # 4 (Inlet):**

On August 7, 2003, the Company announced the acquisition from Inlet Resources Ltd. ("Inlet") of the exclusive option to earn up to an 80% interest in and to a 74,280-acre parcel of staked mineral claims located in the Ungava region of Quebec (the "Wakeham Property").

The terms of the property acquisition provided for the Company to earn a 60% undivided interest in the Wakeham Property (the "Property") through the delivery of 500,000 common shares (200,000 shares, after receipt of Exchange approval, 100,000 shares on August 7, 2004, 100,000 on August 7, 2005, and 100,000 shares on August 7, 2007) and incurring an aggregate of \$3,500,000 of work expenditures on the Property.

The agreement also included other options for the Company to acquire additional interests in the property. The TSX Venture Exchange accepted the agreement on September 24, 2003 and Goldbrook issued Inlet 200,000 common shares on October 2, 2003 at a deemed price of \$0.61 per share for a total of \$122,000.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

(e) **Property # 4 (Inlet): (cont'd)**

This agreement has since been replaced by a new agreement discussed below.

On July 30, 2004, the Company announced that it had reached an agreement with Inlet whereby the Company would acquire all of Inlet's interest in the Wakeham Property in consideration of the issuance of 3,000,000 common shares of the Company.

This Agreement replaces the option previously granted to the Company by Inlet to earn up to an 80% interest in the Property. The Wakeham Property is subject to a 1% net smelter return royalty on any mineral production from the Property. The Company has the option to purchase one-half of this royalty for \$1 million.

On August 31, 2004, the Company received TSX acceptance pertaining to the acquisition from Inlet of a 100% interest in the Wakeham Property. The TSX deemed the value of the shares to be \$0.53 per share but the issued shares were to be placed into escrow, and released to Inlet on the basis of one share for each \$0.42 in expenditures made by the Company.

The Company issued 3 million common shares to Inlet in accordance with the property agreement. The shares are held in escrow by the Company's escrow and transfer agent, Computershare Investor Services Inc.

(f) **Property # 5 (Masuparia):**

On August 7, 2003, the Company announced the acquisition from Masuparia Gold Corporation ("Masuparia") of the exclusive option to earn up to an 80% interest in and to 71,252 acres in the Ungava region of northern Quebec.

The terms of the property acquisition provided for the Company to earn a 60% undivided interest in Masuparia's property through the delivery of 500,000 common shares (200,000 shares, after receipt of Exchange approval, 100,000 shares on August 7, 2004, 100,000 on August 7, 2005, and 100,000 shares on August 7, 2007) and incurring an aggregate of \$3,500,000 of work expenditures on the property.

The agreement also included other options for the Company to acquire additional interests in the property. The TSX Venture Exchange accepted the agreement on October 23, 2003 and Goldbrook issued 200,000 common shares on November 4, 2003, at a deemed price of \$0.61 per share for a total of \$122,000.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

(f) Property # 5 (Masuparia): (cont'd)

This agreement has since been replaced by a new agreement discussed below.

On July 30, 2004, the Company announced that it had reached an agreement with Masuparia whereby the Company will acquire all of Masuparia's interest in Masuparia's 71,252 acres in the Raglan region of northern Quebec (the "Property"). In consideration of the acquisition, the Company will issue 3,000,000 of its common shares to Masuparia.

This Agreement replaces the option previously granted to the Company by Masuparia to earn up to an 80% interest in the Property. The Masuparia Property is subject to a 1% net smelter return royalty on any mineral production from the Property. The Company has the option to purchase one-half of this royalty for \$1 million.

On August 30, 2004 the Company received TSX acceptance pertaining to the acquisition from Masuparia of a 100% interest in the Property. The TSX deemed the value of the shares to be \$0.53 per share but the issued shares were to be placed into escrow, and released to Masuparia on the basis of one share for each \$0.42 in expenditures made by the Company.

The Company issued 3 million common shares to Masuparia in accordance with the property agreement. The shares are held in escrow by the Company's escrow and transfer agent, Computershare Investor Services Inc.

(g) Property # 6 (Ubex):

On March 30, 2004, the Company entered into an agreement with Ubex Capital Inc., Menace Capital Corp., and Monaco Investment Corp. (collectively, the "Vendors") to acquire a 100% interest in 334 mineral claims comprising approximately 31,850 acres located as four property groups in the Ungava Area, Province of Quebec. The consideration payable for a 100% interest in the subject property is 125,000 common shares to be issued on receipt of Exchange approval and cash payments totaling \$30,000 (paid). The TSX Venture Exchange accepted the agreement on April 12, 2004 and Goldbrook issued 125,000 common shares on April 12, 2004, at a deemed price of \$0.48 per share for a total of \$60,000.

Pursuant to the agreement, the Vendors will retain a 1% net smelter return royalty of which 0.5% may be purchased by the Company for \$1,000,000.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

(h) **Property # 7 (VVC):**

On March 29, 2004, the Company entered into an agreement with VVC Exploration Corporation and Aavdex Corporation to acquire a 70% interest in 894 mineral claims comprising 36,753.40 hectares located in the Ungava Area, Province of Quebec from VVC Exploration Corporation ("the property"). Aavdex Corporation will acquire the remaining 30% interest in the claims and will form a joint venture with the Company to further explore and develop the property. As consideration for the 70% interest, the Company would issue 200,000 common shares to VVC Exploration Corporation on receipt of Exchange approval and incur sufficient work expenditures to extend the expiry date of all claims for a period of one year.

Additional joint venture work expenditures with Aavdex Corporation will be split 70/30 between the Company and Aavdex Corporation per the joint venture arrangement. In addition, there is a 2% net smelter return of which 1.5% can be purchased by the Company and Aavdex for \$500,000 per 0.5%.

The TSX Venture Exchange accepted the agreement on April 8, 2004 and Goldbrook issued 200,000 common shares on April 8, 2004, at a deemed price of \$0.48 per share for a total of \$96,000.

On April 5, 2005, the Company entered into an agreement with Aavdex to buy its 30% interest in the property. The transaction will give the Company a 100% stake in the claims subject to a 2% NSR.

Under the terms of the agreement, the Company will pay to Aavdex \$90,000 (paid) and issue from treasury 225,000 common shares (issued) to Aavdex. The Company has the right to buy back, at any time, at a price of \$500,000 per 0.5% NSR, up to a total of 1.5% NSR. The TSX Exchange accepted the agreement on April 26, 2005 and the 225,000 common shares at a deemed price of \$0.40 per share were issued at that date in the amount of \$90,000.

(i) **Property # 8 (Scott):**

On April 6, 2004, the Company entered into an agreement with Mr. Peter Bambic to acquire a 100% interest in 278 mineral claims comprising 29,057.48 acres located in Raglan District, Province of Quebec. The consideration payable for the property is \$21,291 (paid).

Pursuant to the agreement, the property is subject to a 1% net smelter return on any mineral production from the property. The Company has the option to purchase up to 50% of the 1% royalty for \$500,000.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 5. **Mineral Properties (cont'd)**

(j) **Deposit for Mining Camp Services**

As at July 31, 2006, the deposit on mining camp services was \$2,500 covering the camp site services for the 2006 season.

(k) **Raglan Properties 2006 Season**

On June 5, 2006, the Company announced that it would expend \$4 million on exploration at Ungava, Wakeham, and other properties in 2006. Fieldwork commenced in the first week of July 2006 and numerous targets have been identified for drilling with a minimum of 3000m of drilling planned.

(l) **Mineral Exploration Credits**

As a result of the Company incurring exploration expenditures on its Quebec mineral properties, the Company has the following credits based on the Quebec Corporate Tax Returns filed:

2004 Quebec Corporate Tax Credit/Refund (received)	\$853,427
2004 Quebec Mining Duties Credit/Refund (received)	191,319
Professional expenses	<u>(3,897)</u>
Total 2004 credits	<u><u>\$1,040,849</u></u>
2005 Quebec Corporate Tax Credit/Refund (received)	\$2,176,775
2005 Quebec Mining Duties Credit/Refund	412,885
Professional expenses	<u>(3,395)</u>
Total 2005 Credits	<u><u>\$2,586,265</u></u>
Total Credits	<u><u>\$3,627,114</u></u>

The Company received the \$853,427 of 2004 Quebec Corporate Tax refund during the 3rd quarter of the year ended April 30, 2005. The \$2,176,775 of 2005 Quebec Corporate Tax refund was received in November 2005.

The Company received the 2004 Quebec Corporate Tax refund in the amount of \$191,319 in July 2006. The \$412,885 of 2005 Quebec Mining Duties refund have not been received as at July 31, 2006.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 6. **Capital Stock**

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

(b) Issued and outstanding:

	#	\$
Balance, April 30, 2006	61,296,213	20,409,725
Common shares issued for cash - Exercise of stock options	50,000	11,250
Balance, July 31, 2006	61,346,213	20,420,975

(c) **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.

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

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

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

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 6. **Capital Stock (cont'd)**

(d) **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 May 9, 2005, the Company announced that pursuant to the company's stock option plan an aggregate of 604,000 incentive stock options have been granted to key employees and directors. The Options have an exercise price of \$0.365 per share with a five year term.

Stock options outstanding are summarized as follows:

	Number of Shares Under Stock Options	Weighted average Exercise Price Per Share
Balance Outstanding, April 30, 2006	5,625,000	\$ 0.226
Granted	604,000	0.365
Exercised	(50,000)	0.225
Cancelled	(100,000)	0.225
Balance Outstanding, July 31, 2006	<u>6,079,000</u>	<u>\$ 0.240</u>

(e) **Stock Option Compensation**

The fair value of the 604,000 stock options granted during the three months is estimated on the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

Dividend Yield	Nil
Expected volatility	109%
Risk free rate of return	6%
Expected life of options	5 years

Those stock options resulted in a stock option compensation of \$102,680 which is expensed during the current quarter.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 6. **Capital Stock (cont'd)**

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

	<u>Warrants</u>	<u>Expiry Date</u>	<u>Exercise Price</u>
	1,000,000	May 4, 2006	\$0.75
	518,182	Aug. 18, 2006	\$0.60
	248,499	Oct. 6, 2006	\$0.60
	10,071,800	Oct. 27, 2010	\$0.30
Balance Outstanding, April 30, 2006	11,838,481		
Expired	(1,000,000)	May 4, 2006	\$0.75
Balance Outstanding, July 31, 2006	10,838,481		

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

<u>Details</u>	<u>Number of Shares</u>	
	<u>July 31,</u>	
	<u>2006</u>	<u>2005</u>
Stock options	5,475,000	4,398,000
Broker options	-	861,550
Share Purchase Warrants	10,838,481	13,432,345
TOTAL	<u>16,313,481</u>	<u>18,691,895</u>

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 7. Related Party Transactions

There is no amount due to related parties included in accounts payable and accrued liabilities at July 31, 2006 (July 31, 2005 - \$480).

During the three months ended July 31, 2006 and 2005, the Company was charged the following amounts by directors and officers of the Company or by companies controlled by directors, officers, and related parties:

	July 31	
	<u>2006</u>	<u>2005</u>
Consulting fees		
- Financial	\$ 7,500	\$ 17,500
- Marketing	10,500	5,500
- Shareholders' communication	15,000	-
Corporate and administration fees	-	12,500
Management fees	20,000	15,000
Website fees	4,500	4,500
Deferred exploration costs	52,000	40,000
Total	\$ 109,500	\$ 95,000

Note 8. Earnings (Loss) per Common Share

For the quarter ended July 31, 2005:

	Weighted Average Common Shares Outstanding	Loss Per Common Share
Basic	61,308,170	<u>\$0.003</u>
Effect of stock options	5,545,652	
Effect of stock purchase warrants	10,871,090	
Diluted	77,724,911	<u>\$0.003</u>
Anti Dilutive	61,308,170	

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

Note 9. Segmented Information

The Company has one reporting operating segment involved in mineral exploration and that is in Canada. Amounts disclosed in the financial statements for assets and liabilities, and operating income and expenses and cash flows for three months ended July 31, 2006 and July 31, 2005, relate to this segment.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 10. **Employee Future Benefits**

The Company does not have a pension plan and does not provide other benefits after retirement or post employment benefits to former active employees and does not provide compensated absences and termination benefits.

Note 11. **Contingent Liabilities and Commitments**

The Company is not aware of any significant contingent liabilities or guarantees as at April July 31, 2006 or 2005 except for obligations to undertake mining exploration costs (Note 5).

The Company has reserved common shares for the commitment to issue common shares in the event of the exercise of common share stock options, and share purchase warrants. (Note 6(g)).

Note 12. **Contributed Surplus**

Stock Based Compensation

Balance, April 30, 2006	\$ 1,600,151
Stock-based compensation	102,680
Balance, accumulated to July 31, 2006	<u>\$ 1,702,831</u>

Note 13. **General and Administration Expenses**

	Three Months Ended July 31	
	2006	2005
<u>Consulting fees</u>		
Financial	\$ 7,500	\$ 46,228
Shareholders' communication	24,000	12,500
Office administration	-	9,000
Corporate administration	15,000	12,838
Marketing	13,500	30,500
	<u>\$ 60,000</u>	<u>\$ 111,066</u>

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 13. **General and Administration Expenses (cont'd)**

	<u>Three Months Ended July 31</u>	
	<u>2006</u>	<u>2005</u>
<u>Professional fees and audit</u>		
Accounting fees	28,216	10,000
Legal fees	7,597	41,711
	<u>\$ 35,813</u>	<u>\$ 51,711</u>

	<u>Three Months Ended July 31</u>	
	<u>2006</u>	<u>2005</u>
<u>Shareholder communication, travel and promotion</u>		
Advertising & promotion	\$ 4,028	\$ 23,724
Communication	-	3,543
Conferences & shows	-	17,350
Mail-out & couriers	1,267	3,490
Press releases	-	871
Printing	2,909	5,295
Telephone, internet, website	27,360	21,282
Travel & entertainment	48,123	16,058
	<u>\$ 83,687</u>	<u>\$ 91,613</u>

	<u>Three Months Ended July 31</u>	
	<u>2006</u>	<u>2005</u>
<u>Office and general expenses</u>		
Interest and bank charges	\$ 843	\$ 6,247
Services	3,154	7,870
Supplies	4,675	4,750
Postage and couriers	1,459	2,313
Rent and telephone	14,695	21,399
Other	2,668	-
	<u>\$ 27,494</u>	<u>\$ 42,579</u>

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 14. **Financial Instruments**

For cash and equivalents, accounts receivable, short term investments in public company shares, and accounts payable and accrued liabilities, the carrying amounts of these financial instruments approximate their fair value, except for the investment in public company shares which are recorded at cost of \$302,743, with a market value of \$353,860 at July 31, 2006. The increase in value of \$51,117 is not recorded in these financial statements.

The short term investments in public Company shares are as follows:

	Cost	Market Value at July 31, 2006
1,060,000 units Resolve Ventures Inc.	\$ 233,200	\$ 265,000
199,500 units Masuparia Gold Corporation	44,793	55,860
110,000 units Intel Resources Ltd.	24,750	33,000
	<u>\$ 302,743</u>	<u>\$ 353,860</u>

Note 15. **Subsequent Events**

- a) On September 8, 2006, the Company announced that it had arranged a private placement with Pacific International Securities Inc. (the "Agent") for up to 9,250,000 flow through units at a price of \$0.38 per unit (the "FT Units"), and up to 1,500,000 non-flow through units at a price of \$0.33 per unit (the "Common Share Units"), for total gross proceeds of up to \$4.01 million (the "Offering"). Flow-through funds raised through the issuance of the FT Units will be renounced for the 2006 taxation year.

Each FT Unit shall consist of: i) one flow-through common share; ii) one half of one transferable non-flow-through share purchase warrant, with each whole such warrant exercisable into one common share of the Company for three years from closing date at a price of \$0.45; and iii) one half of one transferable non-flow-through share purchase warrant, with each whole such warrant exercisable into one common share of the Company for three years from closing date at a price of \$1.00.

Each Common Share Unit shall consist of: i) one non flow-through common share; ii) one half of one transferable non-flow-through share purchase warrant, with each whole such warrant exercisable into one common share of the Company for three years from closing date at a price of \$0.45; and iii) one half of one transferable non-flow-through share purchase warrant, with each whole such warrant exercisable into one common share of the Company for three years from closing date at a price of \$1.00.

The Company has agreed to grant the Agent an over allotment option to cover potential over subscription of the Offering for 1,850,000 additional FT Units and 300,000 additional Common Share Units on the same terms.

GOLDBROOK VENTURES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
July 31, 2006

Note 15. **Subsequent Events (cont'd)**

On September 21, 2006, the Company further announced that it had increased the size of its previously announced brokered private placement to total gross proceeds of up to \$6.56 million inclusive of any over-allotment option. The Company will now issue up to 17.2 million FT Units, repriced to \$0.35 per FT Unit, and up to 1.8 million Common Share Units, repriced to \$0.30 per Common Share Unit. The other terms of the private placement, including the terms of the warrants attached to the FT Units and Common Share Units, are the same as announced originally.

As consideration for acting as Agent, the Company has agreed to pay a commission of 7.0 percent of the total proceeds raised in the Offering upon closing, payable in cash, Common Share Units or a combination thereof, at the election of the Agent. In addition, the Agent will receive Agent's options (the "Agent's Options") in an amount equal to 10.0 percent of the aggregate FT Units and Common Share Units sold pursuant to the Offering. Each Agent's Option is exercisable at \$0.45 into one common share of the company for two years from the closing date.

The private placements are subject to TSX Venture Exchange acceptance for filing. All securities issued pursuant to the Offering will be subject to a four month hold period from the date of closing.

The proceeds from this offering will be used for exploration on the Company's eastern and central parts of its property in Raglan, Quebec.

- b) In September 2006, the 3 million common shares issued to Inlet Resources Ltd. in escrow (Note 5(e)) were fully released.
- c) In September 2006, 578,864 of the 3 million common shares issued to Masuparia Gold Corporation in escrow (Note 5(f)) were released.