

## MANAGEMENT DISCUSSION & ANALYSIS

**For the quarter ended January 31, 2010**

Date of Report: April 1, 2010

### **Directors and Officers as at April 1, 2010:**

**Directors:**

Martin Auyeung  
David Baker  
Brian Grant  
Walter Peredery  
Earl Terris

**Officers:**

David Baker, CEO  
Brian Grant, President & COO  
Vivian Gu, CFO

**Contact Name:**

David Baker

**Website:**

[www.goldbrookventures.com](http://www.goldbrookventures.com)

**TSX Venture Exchange Symbol:**

GBK

# **GOLDBROOK VENTURES INC.**

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Quarter Ended January 31, 2010

### **1.1 Date of This Report**

April 1, 2010

### **1.2 Overall Performance**

#### ***Description of Business***

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

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

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

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

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

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

The Company's mineral properties consist of the following:

- Onaman River, Onaman Lake Township, Ontario;

Raglan Area, District of Northern Quebec:

- Belanger;
- Nuvulik;
- Ungava;
- Wakeham;
- Masuparia; and
- Bravo

### 1.3 Selected Annual Information

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

	<u>April 30, 2009</u>	<u>April 30, 2008</u>	<u>April 30, 2007</u>
(a) Net sales	-	-	-
(b) Loss before extraordinary items			
(i) Total loss before comprehensive loss	\$2,927,142	\$3,744,943	\$1,295,605
(ii) Loss per share – basic	\$0.02	\$0.03	\$0.02
(iii) Loss per share – diluted	\$0.02	\$0.03	\$0.02
(c) Net loss			
(i) Total loss before comprehensive loss	\$2,927,142	\$3,744,943	\$1,295,605
(ii) Loss per share – basic	\$0.02	\$0.03	\$0.02
(iii) Loss per share – diluted	\$0.02	\$0.03	\$0.02
(d) Total assets	\$53,470,399	\$45,715,131	\$19,822,746
(e) Total long-term liabilities	-	-	-
(f) Cash dividends declared per-share	N/A	N/A	N/A

## 1.4 Results of Operations

### *Discussion of Acquisitions, Operations and Financial Condition*

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

### *Mineral Properties*

#### **Onaman River Property**

For the year ended April 30, 2002, these mining leases and patents claims were carried at a nominal value of \$1.00 and represented a 80% interest in the Onaman River Property, Onaman Lake Township, Ontario, subject to 30% net profits royalties on one group and a 10% net profits royalties on the balance of leased claims. The Company wrote-off the nominal value of \$1.00 in the year ended April 30, 2003. 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 nine months ended January 31, 2010, the Company paid claim renewal fees to Ontario government to keep the lease claims in good standing.

#### **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	1,402	142,433
Masuparia	983	99,677
Wakeham	1,817	182,835
Ungava	1,801	181,310
Bravo	1,799	177,674

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.

Maruparia 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.

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 January 31, 2010, Jien has provided funding of \$27.5 million to the Company for the expenditures of the first two years.

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. 7,997,726 common shares of the Company have been issued and a \$680,000 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.

### **Exploration Results and Future Developments (Raglan Properties)**

In late September, the Company completed its 2009 nickel-copper-cobalt-PGE sulphide exploration program in the Raglan Belt, northern Quebec, consisting of 16,180 metres of core drilling, a extensive program of regional geological mapping, a new XRF technology geochemical sampling program, processing and analysis of VTEM geophysical data collected in 2007, and over 9000 line-kilometres of new VTEM and magnetics airborne survey work, in addition to the initial analyses of the remote sensing spectral data collected in 2008. The program was successful with the highlight discoveries of the new Mystery North Zone and identification of the Timtu deep zone of Ni-Cu-Co-PGE sulphides. Additional success was achieved in the results of drilling and geoscience surveys along the Belanger Trend.

Mapping, surface rock geochemistry and drilling in the Mystery area provided evidence of multiple mineralized zones and/or stratigraphic horizons. The Mystery zone, including the new Mystery North zone, remains open to depth and appears to have an easterly plunge. Further work is warranted on this important deposit.

The Getty and Sylvie deposits also warrant further investigation to establish additional drill targets to expand these two known and important deposits to the Raglan project. The Timtu and Pad deposit areas have also proven to be highlight successes of the 2009 program and Timtu in particular has proven to have the potential to be one of the most significant Ni-Cu-PGE sulphide deposits on the Belanger trend and will be further delineated during the 2010 exploration program. The Pad deposit returned highly positive results from drilling and more work is warranted to fully define its potential. In addition, there are numerous other areas of interest/showings along the Belanger trend that warrant analysis and drill targeting. Some of these areas are also candidates for further ground geophysical surveys.

Remote sensing surveys conducted over the GBK property in 2008 provided an exceptional and unique amount of spectral data and high resolution photography that is helping identify geology and structures and areas of surface mineralization. Analysis of this information is ongoing and the results, combined with new geological mapping information, are expected to be a highly valuable contribution to the 2010 program planning.

Goldbrook's geoscience team is currently evaluating data and information collected during the 2009 season with a view to planning an aggressive and successful 2010 exploration season across the properties.

### ***Results of Operations***

The loss for the nine months ended January 31, 2010 was \$344,472 as compared with a loss of \$2,449,851 for the nine months ended January 31, 2009. The decreases in the loss for the current period were in the following categories:

- Recognized a gain in the amount of \$2,480,463 from the deemed sale of marketable securities during the current quarter;
- During the nine months ended January 31, 2009, \$400,000 stock option compensation expenses were recorded, while there is no stock option compensation expense for the current period;
- During the period ended January 31, 2009, the Company sold securities and realized a loss in the amount of \$200,889;
- Professional fees decreased by \$181,740 during the current period due to a recovery for the legal fees of \$154,195 paid on behalf of Jien Canada Mining Ltd. (Section 1.4 – Take-over Bid);
- Regulatory fees decreased by \$21,797 as a result of less property acquisitions and financing activities during the current period.

During the nine months ended January 31, 2010, management fees increased by \$469,000, consulting fees increased by \$203,996, and wages and benefits increased by \$318,926 comparing to the nine months ended January 31, 2009 mainly due to a special bonus totaled \$1,100,000 paid to certain directors, officers, and consultants pursuant to a board resolution.

Office and general expenses also increased by \$167,870 during the current nine months due to the increased office rent and other expenses.

During the nine months ended January 31, 2010, a \$750 unrealized gain from marketable securities has been recorded as other comprehensive income which is not included in the net loss. Meanwhile, a \$227,037 previously recorded unrealized loss was reversed from accumulated other comprehensive loss due to a deemed sale of marketable securities (Section 1.13 – Investment in Associates).

Below is a comparison of the General and Administration Expenses during the nine months ended January 31, 2010 and 2009:

	January 31, 2010	January 31, 2009	Increase (Decrease)
Depreciation on property and equipment	13,010	10,059	2,951
Consulting fees	694,700	490,704	203,996
Office & general expenses	482,727	314,857	167,870
Management fees	717,500	248,500	469,000
Professional fees	66,818	248,558	(181,740)
Regulatory fees and services	17,750	39,547	(21,797)
Shareholders' communication, travel and promotions	323,301	302,658	20,643
Stock option compensation	-	400,000	(400,000)
Wages and benefits	522,143	203,217	318,926
Total	\$2,837,949	\$2,258,100	\$579,849

#### ***Investor Relations Activities***

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

During the nine months ended January 31, 2010 the Company issued press releases, responded to investor inquiries and conducted shareholder and investor mail outs.

#### ***Financings, Principal Purposes & Milestones***

On June 18, 2008, the Company closed its non-brokered private placement previously 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 was payable in connection with a portion of the private placement. All of the securities issued pursuant to the private placement are subject to a hold period expiring four months and one day from the closing date.

The Company issued 6,974,999 common shares during the year ended April 30, 2009 and 1,308,441 common shares during the six months ended October 31, 2009 to a third party as part of the finder's fee in connection with the option and joint venture agreement on Raglan area properties.

### *Take-over Bid*

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

Jilin 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.

With several amendments and extensions to the Offer, 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.

## **1.5 Summary of Quarterly Results**

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

	<u>Q3</u> <u>31-Jan-10</u>	<u>Q2</u> <u>31-Oct-09</u>	<u>Q1</u> <u>31-Jul-09</u>	<u>Q4</u> <u>30-Apr-09</u>	<u>Q3</u> <u>31-Jan-09</u>	<u>Q2</u> <u>31-Oct-08</u>	<u>Q1</u> <u>31-Jul-08</u>	<u>Q4</u> <u>30-Apr-08</u>
<i>Net sales</i>	-	-	-	-	-	-	-	-
<i>Net Income(Loss):</i>								
Total	\$540,433	\$(604,762)	\$(280,143)	\$(477,291)	\$(857,442)	\$(568,886)	\$(1,023,523)	\$(509,668)
Per share	\$0.003	\$(0.003)	\$(0.002)	\$(0.003)	\$(0.005)	\$(0.004)	\$(0.006)	\$(0.004)
Per share diluted	\$0.003	\$(0.003)	\$(0.002)	\$(0.003)	\$(0.005)	\$(0.004)	\$(0.006)	\$(0.004)

### ***Discussion***

For the nine months ended January 31, 2010, please refer to Section 1.4 - *Results of Operations*.

Non-cash stock-based compensation expenses of \$400,000 were recorded in the quarter ended July 31, 2008.

### **1.6 Liquidity**

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

At January 31, 2010, the Company has total assets of \$46,968,569. The primary assets of the Company are cash of \$3,658,781, accounts receivable of \$4,633,874, marketable securities of \$3,750, fuel inventory of \$1,148,664, and mineral properties with a historic cost of \$33,625,988. The Company has working capital of \$3,175,885.

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

## 1.7 Capital Resources

The only capital resource of the Company is the mineral properties with a historic cost of \$33,625,988. The Company is committed to further expenditures on these properties, as detailed in Section 1.4 - *Results of Operations*.

## 1.8 Off Balance Sheet Arrangements

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

## 1.9 Transactions with Related Parties

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

There is no amount due to related parties included in accounts payable and accrued liabilities at January 31, 2010 (January 31, 2009 - \$Nil).

During the nine months ended January 31, 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>Nine months ended January 31,</u>	
	<u>2010</u>	<u>2009</u>
Consulting fees		
- Financial	\$ 100,500	\$ 25,000
- Marketing	53,100	43,500
- Shareholders' communication	74,500	50,000
Equipment rental	67,226	64,423
Management fees	717,500	248,500
Professional fees	82,500	66,575
Rent	54,000	12,000
Salaries	347,250	96,900
Website fees	39,525	27,475
Deferred exploration costs	84,750	96,900
Total	<u>\$ 1,620,851</u>	<u>\$ 731,273</u>

As at January 31, 2010, accounts receivable include miscellaneous expenses paid on behalf of a company with common directors and management in the amount of \$Nil (2009: \$12,493).

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.

### **1.10 Third Quarter**

Third quarter results do not differ significantly from other quarters, except for the recognition of \$2,480,463 gain from the deemed sale of marketable securities.

### **1.11 Proposed Transactions**

None.

### **1.12 Critical Accounting Estimates**

N/A

### **1.13 Changes in Accounting Policies**

Effective May 1, 2007, the Company has adopted three new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants (“CICA”) in 2005. 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:

#### *Financial Instruments – Recognition and Measurement (CICA Handbook Section 3855 and 3561)*

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 loss. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of loss.

#### *Comprehensive Income (CICA Handbook Section 1530 and 3251)*

The standard introduces the concept of comprehensive loss, which consists of net loss and other comprehensive loss. The Company’s financial statements now include a Statement of Comprehensive Loss integrated with the statement of operations, which includes the components of comprehensive loss. For the Company, other comprehensive loss (“OCL”) 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.

#### *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.

*Investment in Associates*

On November 25, 2009, the Company tendered the 4,750,000 Canadian Royalties Inc. shares held as “available-for-sale” securities to Jien Canada Mining Ltd. as its investment in Jien Canada Mining Ltd. (Section 1.4). The fair market value of those shares was \$3,752,500 (based on the closing price of November 25, 2009 on TSX at \$0.79 per share) which has been recorded as “Investment in Associates” as non-current assets on Balance Sheet. By using the equity method, the Company will include 25% of the net income or net loss of Jien Canada Mining Ltd. (consolidated with Canadian Royalties Inc.) in the Company’s financial statements by adjusting the carrying value of “Investment in Associates” at the balance sheet and by adjusting its net income or net loss.

As of January 31, 2010 and as of the date of the financial statements, the pre-acquisition financial statements of Canadian Royalties Inc. are under audit. The Jien Canada Mining Ltd’s financial statements and the financial statements for Canadian Royalties Inc. for the period from January 13, 2010 (the date of completion of Arrangement) to January 31, 2010 are not available until a later date, while both Canadian Royalties Inc. and Jien Canada Mining Ltd. were relatively inactive during this transition period. The Company will start to include its share of the associate’s net income or net loss in its financial statements from the next quarter.

**1.14 Financial Instruments and Other Instruments**

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

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

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

### 1.15 Other MD&A Requirements

#### *Disclosure of Outstanding Share Capital (as at January 31, 2010)*

	<u>Number of shares</u>	<u>Value</u>
Common Shares issued	181,140,340	\$ 44,141,905

	<u>Number of shares</u>	<u>Potential cash generated at exercise</u>
Incentive Stock Options	12,716,000	\$ 2,709,505
Warrants	66,520,777	\$ 43,024,966

#### *Additional Disclosure*

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

#### Summary of Mineral Properties – January 31, 2010

Refer to the financial statements and notes of the Company.

#### *Subsequent Events*

- In February and March 2010, 328,000 incentive stock options with an exercise price at \$0.225 per share and 250,000 incentive stock options with an exercise price at \$0.125 per share were exercised.
- In February 2010, 16,100 stock purchase warrants with an exercise price at \$0.30 per share were exercised.
- In March 2010, the Company subsequently received 6,500,000 from Jilin Jien Nickel Industry Co. Ltd. as the initial funding for the Raglan exploration project 2010 season.

#### *Other Information*

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).