

**GOLDBROOK VENTURES INC.**

**FINANCIAL STATEMENTS**

April 30, 2006

(Audited)

AUDITORS' REPORT

BALANCE SHEETS

STATEMENT OF OPERATIONS AND DEFICIT

STATEMENTS OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The accompanying financial statements of Goldbrook Ventures Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded. All transactions are authorized and duly recorded, and the financial records are properly maintained to facilitate financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the financial statements with management and the external auditors. Moen and Company LLP, an independent firm of chartered accountants, appointed as external auditors by the shareholders, has audited the financial statements and their report is included herein.

/s/

President and Chief Executive Officer

### **AUDITORS' REPORT**

To the Shareholders  
Goldbrook Ventures Inc.

We have audited the balance sheets of Goldbrook Ventures Inc. as at April 30, 2006 and 2005 and the statements of operations and 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 audits.

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 statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*“Moen and Company LLP”*

Chartered Accountants

Vancouver, British Columbia, Canada  
July 20, 2006

**GOLDBROOK VENTURES INC.  
BALANCE SHEETS**

	April 30,	
	2006	2005
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3(b))	\$ 3,180,015	\$ 941,132
Accounts receivable (Note 5(k))	628,177	250,054
Prepaid expenses	53,054	12,236
Short term investments in public company shares, at cost (Note 17(c))	239,480	-
Total Current Assets	<u>4,100,726</u>	<u>1,203,422</u>
<b>Deposit for Mining Camp Services</b> (Note 5(j))	-	374,843
<b>Mineral Properties</b> (Note 5)		
Acquisition costs	5,329,291	5,329,291
Deferred exploration costs, net	8,756,356	8,399,330
	<u>14,085,647</u>	<u>13,728,621</u>
Mineral exploration credits (Note 5(k))	(3,629,504)	(1,043,239)
	<u>10,456,143</u>	<u>12,685,382</u>
<b>Property and Equipment, net</b> (Note 4)	19,293	24,535
<b>TOTAL ASSETS</b>	<u>\$ 14,576,162</u>	<u>\$ 14,288,182</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 59,000	\$ 723,271
<b>Shareholders' Equity</b>		
Authorized: unlimited common shares and unlimited preferred shares		
Issued – 61,296,213 common shares		
(2005 – 51,003,413 common shares) (Note 6(b))	20,409,725	18,072,931
Common share purchase warrants outstanding (Note 6(f))	1,458,931	1,644,819
Contributed surplus (Note 15)	1,600,151	1,318,571
	<u>23,468,807</u>	<u>21,036,321</u>
Deficit, accumulated during the development stage (Note 2)	(8,951,645)	(7,471,410)
Total Shareholders' Equity	<u>14,517,162</u>	<u>13,564,911</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 14,576,162</u>	<u>\$ 14,288,182</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.  
STATEMENTS OF OPERATIONS AND DEFICIT**

	Year Ended April 30	
	2006	2005
<b>REVENUE</b>		
Sales (Note 9)	\$ 443,485	\$ -
Cost of goods sold	<u>(320,140)</u>	<u>-</u>
Net sales	<u>123,345</u>	<u>-</u>
<b>GENERAL AND ADMINISTRATION EXPENSES</b>		
Amortization	\$ 14,053	\$ 12,006
Consulting fees (Note 16)	432,677	295,695
Foreign exchange	4,171	-
Management fees	63,300	57,500
Professional fees (Note 16)	165,706	272,551
Office and general expenses (Note 16)	178,853	124,574
Office expenses recovered (Note 16)	(162,765)	-
Property investigation	17,764	857
Regulatory fees and services	54,585	85,819
Shareholder communication, travel & promotion (Note 16)	515,938	588,844
Stock option compensation (Note 6(e))	281,580	974,630
Wages and benefits	74,641	43,288
Total General and Administration Expenses	<u>1,640,503</u>	<u>2,455,764</u>
<b>PROFIT (LOSS) BEFORE OTHER ITEMS</b>	<b>(1,517,158)</b>	<b>(2,455,764)</b>
<b>OTHER ITEMS</b>		
Interest income	12,673	11,345
Consulting income	24,250	18,500
Write-off expenditures payable	-	(2,851)
Write-off mineral property – South Voisey Bay	-	(584,848)
<b>NET LOSS FOR THE YEAR</b>	<b>(1,480,235)</b>	<b>(3,013,618)</b>
<b>DEFICIT, BEGINNING OF YEAR</b>	<b>(7,471,410)</b>	<b>(4,457,792)</b>
<b>DEFICIT, END OF YEAR</b>	<b>\$ (8,951,645)</b>	<b>\$ (7,471,410)</b>
<b>Weighted Average Common Shares Outstanding - Basic</b>	<b><u>56,030,692</u></b>	<b><u>44,734,763</u></b>
<b>- Diluted</b>	<b><u>56,030,692</u></b>	<b><u>44,734,763</u></b>
<b>EARNINGS (LOSS) PER SHARE - Basic</b>	<b>\$ <u>(0.03)</u></b>	<b>\$ <u>(0.07)</u></b>
<b>- Diluted</b>	<b>\$ <u>(0.03)</u></b>	<b>\$ <u>(0.07)</u></b>

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

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

	Year Ended April 30	
	2006	2005
<b>Operating activities</b>		
Net loss for the year	\$ (1,480,235)	\$ (3,013,618)
Items not involving cash:		
Amortization	14,053	12,006
Stock-based compensation	281,580	974,630
Black-Scholes adjustments - warrants	(185,888)	42,787
Write-off mineral property	-	584,848
Changes in non-cash working capital items		
Accounts receivable	(378,123)	(178,869)
Prepaid expenses	(40,818)	42,781
Accounts payable	(664,271)	584,249
Net cash used in operating activities	<u>(2,453,702)</u>	<u>(951,186)</u>
<b>Investing activities</b>		
Short term investments	(239,480)	1,500,000
Property and office equipment purchased	(8,811)	(20,650)
Deposit for mining camp services	374,843	462,020
Mineral properties	2,229,239	(4,739,094)
Net cash provided by (used in) investing activities	<u>2,355,791</u>	<u>(2,797,724)</u>
<b>Financing activities</b>		
Common shares issued	2,336,794	4,102,274
Net cash provided by financing activities	<u>2,336,794</u>	<u>4,102,274</u>
<b>Cash and equivalents, increase during the year</b>	<b>2,238,883</b>	<b>353,364</b>
<b>Cash and equivalents, beginning of year</b>	<u><b>941,132</b></u>	<u><b>587,768</b></u>
<b>Cash and equivalents, end of year</b>	<u><u><b>\$ 3,180,015</b></u></u>	<u><u><b>\$ 941,132</b></u></u>

Supplementary Cash Flow Information (Note 8)

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

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2006 and 2005**

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**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.

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

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(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.

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

**(f) Environmental Issues**

**GOLDBROOK VENTURES INC.**  
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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.

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

**(i) Mineral Properties and Deferred Exploration Costs**

Mineral Property Acquisition Costs and Deferred Exploration Costs

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- 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%

**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

**GOLDBROOK VENTURES INC.**  
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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) 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.

**(n) Pension and Employment Liabilities**

The Company does not have any liabilities as at April 30, 2006 and 2005 for pension, post-employment benefits or post-retirement benefits. The Company does not have a pension plan.

**(o) 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 year ended April 30, 2006 and 2005, all of the outstanding stock options are antidilutive. (see Note 10)

**(p) Comparative Figures**

Certain of the prior years' comparative figures have been reclassified to conform to the presentation adopted for the current year.

**Note 4. Property and Equipment**

<b>2006</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
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.**  
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2005	Cost	Accumulated Depreciation	Net
Office equipment	\$ 11,373	\$ 4,718	\$ 6,655
Computer equipment	30,688	12,808	17,880
	\$ 42,061	\$ 17,526	\$ 24,535

Note 5. **Mineral Properties**

	Balance, April 30, 2006	Year Ended April 30, 2006 Expenditures/ (Recoveries)	Balance, April 30, 2005
<b>(a) Onaman River</b>			
Acquisition costs	\$ -	\$ -	\$ -
Deferred exploration costs			
- Claims maintenance & staking	3,050	125	2,925
Total deferred exploration costs	3,050	125	2,925
<b>Total Onaman River</b>	3,050	125	2,925
<b>(b) Ungava</b>			
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	36,024	248,159
- Consultants	122,484	42,051	80,433
- Drilling	189,713	(9,821)	199,534
- Equipment rental	15,651	-	15,651
- Fees & licenses	2,096	-	2,096
- Field work & mobilization	1,076,011	2,679	1,073,332
- Geophysical survey	393,680	4,233	389,447
- Office and general	23,597	16,159	7,438
- Recoveries	(55,245)	-	(55,245)
- Reports, maps, & general	13,788	10	13,778
- Site visits	12,384	-	12,384
- Storage fuel	2,000	500	1,500
Total deferred exploration costs	2,087,192	91,835	1,995,357
<b>Total Ungava</b>	\$ 2,484,492	\$ 91,835	\$ 2,392,657

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

	Balance, April 30, 2006	Year Ended April 30, 2006 Expenditures/ (Recoveries)	Balance, April 30, 2005
<b>(c) Nuvilik</b>			
Acquisition costs			
- Cash	\$ 50,000	\$ -	\$ 50,000

**GOLDBROOK VENTURES INC.**  
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- 800,000 shares @ \$0.42	336,000	-	336,000
<b>Total acquisition costs</b>	<b>386,000</b>	<b>-</b>	<b>386,000</b>
Deferred exploration costs			
- Claims maintenance & staking	53,985	-	53,985
- Consultants	43,169	9,127	34,042
- Geophysical survey	344,418	791	343,627
- Legal	16,606	-	16,606
- Field office and general	13,727	3,813	9,914
- Reports & maps	4,390	-	4,390
- Site visits	8,253	-	8,253
- Storage fuel	2,000	500	1,500
<b>Total deferred exploration costs</b>	<b>486,548</b>	<b>14,231</b>	<b>472,317</b>
<b>Total Nuvilik</b>	<b>872,548</b>	<b>14,231</b>	<b>858,317</b>

(d) **Belanger**  
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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
<b>Total acquisition costs</b>	<b>715,200</b>	<b>-</b>	<b>715,200</b>
Deferred exploration costs			
- Assays	8,637	-	8,637
- Claims maintenance & staking	128,768	13,689	115,079
- Consultants	113,523	18,112	95,411
- Drilling	692,933	(35,873)	728,806
- Equipment rental	122,533	-	122,533
- Equipment	1,852	1,852	-
- Field work & mobilization	1,759,068	-	1,759,068
- Geophysical survey	453,969	791	453,178
- Legal	54,100	-	54,100
- Field office and general	25,249	8,306	16,943
- Reports & maps	15,977	3,000	12,977
- Site visits	13,023	4,145	8,878
- Storage fuel	4,000	1,000	3,000
<b>Total deferred exploration costs</b>	<b>3,393,632</b>	<b>15,022</b>	<b>3,378,610</b>
<b>Total Belanger</b>	<b>\$ 4,108,832</b>	<b>\$ 15,022</b>	<b>\$ 4,093,810</b>

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

	<b>Balance, April 30, 2006</b>	<b>Year Ended April 30, 2006 Expenditures/ (Recoveries)</b>	<b>Balance, April 30, 2005</b>
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(e) **Inlet (Wakeham)**  
Acquisition costs

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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- 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
<b>Total acquisition costs</b>	<b>1,731,500</b>	<b>-</b>	<b>1,731,500</b>
Deferred exploration costs			
- Assays	4,687	-	4,687
- Claims maintenance & staking	84,303	3,521	80,782
- Consultants	98,193	41,562	56,631
- Drilling	338,565	(17,528)	356,093
- Equipment rental	52,900	-	52,900
- Field work & mobilization	1,047,028	65,512	981,516
- Geophysical survey	295,487	790	294,697
- Field office and general	28,044	16,100	11,944
- Recoveries	(1,885)	-	(1,885)
- Reports & maps	6,227	2,000	4,227
- Site visits	8,436	4,144	4,292
- Storage fuel	24,550	4,081	20,469
<b>Total deferred exploration costs</b>	<b>1,986,435</b>	<b>120,182</b>	<b>1,866,253</b>
<b>Total Inlet</b>	<b>3,717,935</b>	<b>120,182</b>	<b>3,597,753</b>
 (f) <b>Masuparia</b>			
Acquisition costs			
- 200,000 shares @ \$0.61	122,000	-	122,000
- 3,000,000 shares @ \$0.53	1,590,000	-	1,590,000
<b>Total acquisition costs</b>	<b>1,712,000</b>	<b>-</b>	<b>1,712,000</b>
Deferred exploration costs			
- Assays	663	-	663
- Claims maintenance & staking	69,777	4,437	65,340
- Consultants	48,909	34,895	14,014
- Field work & mobilization	40,169	-	40,169
- Geophysical survey	143,127	791	142,336
- Field office and general	17,493	12,766	4,727
- Recoveries	(969)	-	(969)
- Reports & maps	5,270	-	5,270
- Site visits	4,000	-	4,000
- Storage fuel	20,969	500	20,469
<b>Total deferred exploration costs</b>	<b>349,408</b>	<b>53,389</b>	<b>296,019</b>
<b>Total Masuparia</b>	<b>\$ 2,061,408</b>	<b>\$ 53,389</b>	<b>\$ 2,008,019</b>

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

	Balance, April 30, 2006	Year Ended April 30, 2006 Expenditures/ (Recoveries)	Balance, April 30, 2005
(g) <b>Ubex</b> )			
Acquisition costs			
- Cash	\$ 30,000	\$ -	\$ 30,000
- 125,000 shares @ \$0.48	60,000	-	60,000
<b>Total acquisition costs</b>	<b>90,000</b>	<b>-</b>	<b>90,000</b>
Deferred exploration costs	-	-	-
- Claims maintenance & staking	43,045	-	43,045
- Consultants	18,839	11,389	7,450
- Geophysical survey	51,931	791	51,140
- Field office and general	8,657	4,230	4,427
- Storage fuel	2,100	500	1,600
<b>Total deferred exploration costs</b>	<b>124,572</b>	<b>16,910</b>	<b>107,662</b>
<b>Total Ubex</b>	<b>214,572</b>	<b>16,910</b>	<b>197,662</b>
(h) <b>VVC</b> )			
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
<b>Total acquisition costs</b>	<b>276,000</b>	<b>-</b>	<b>276,000</b>
Deferred exploration costs			
- Claims maintenance & staking	65,175	2,752	62,423
- Consultants	16,164	11,387	4,777
- Geophysical survey	119,668	790	118,878
- Field office and general	8,494	3,944	4,550
- Storage fuel	1,625	500	1,125
<b>Total deferred exploration costs</b>	<b>211,126</b>	<b>19,373</b>	<b>191,753</b>
<b>Total VVC</b>	<b>487,126</b>	<b>19,373</b>	<b>467,753</b>
(i) <b>Scott</b>			
Acquisition costs			
- Cash	21,291	-	21,291
<b>Total acquisition costs</b>	<b>21,291</b>	<b>-</b>	<b>21,291</b>
Deferred exploration costs			
- Claims & maintenance	36,871	7,264	29,607
- Consultants	19,865	13,212	6,653
- Geophysical survey	47,897	791	47,106
- Field office & general	9,761	4,692	5,069
<b>Deferred exploration costs</b>	<b>114,394</b>	<b>25,959</b>	<b>88,435</b>
<b>Total Scott</b>	<b>135,685</b>	<b>25,959</b>	<b>109,726</b>
<b>Total</b>			
Acquisition costs	5,329,291	-	5,329,291
Deferred exploration costs	8,756,356	357,026	8,399,330
<b>Total Mineral Properties</b>	<b>\$ 14,085,647</b>	<b>\$ 357,026</b>	<b>\$ 13,728,621</b>

**GOLDBROOK VENTURES INC.**  
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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.

During the year ended April 30, 2006, 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.

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

**GOLDBROOK VENTURES INC.**  
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(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.**  
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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.

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

**GOLDBROOK VENTURES INC.**  
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(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.**  
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**(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.**  
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(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.

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

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

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As at April 30, 2005, the deposit on mining camp services was \$374,843 covering the purchase of fuel for the 2005 season, commencing after April 30, 2005.

(k) **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	247,849
Professional expenses	(3,897)
Impairment recognized	<u>(54,140)</u>
Total 2004 credits, as at April 30, 2005	<u><u>\$1,043,239</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 Accumulated to April 30, 2006	<u><u>\$3,629,504</u></u>

The Company received the \$853,427 of 2004 Quebec Corporate Tax refund during the 3<sup>rd</sup> quarter of the year ended April 30, 2005. The \$2,176,775 of 2005 Quebec Corporate Tax refund was received in November 2005. The \$247,849 of 2004 Quebec Mining Duties refund and the \$412,885 of 2005 Quebec Mining Duties refund have not been received as at April 30, 2006. The 2004 Quebec Mining Duties refund may be reduced by \$54,140 to \$193,709 for total collectible of \$606,594 which is included in accounts receivable at April 30, 2006.

**GOLDBROOK VENTURES INC.**  
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Note 6. **Capital Stock**

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

(b) Issued and outstanding:

<u>Common Shares</u>	Year Ended April 30			
	2006		2005	
	Number of Common Shares	\$	Number of Common Shares	\$
<b>Balance, April 30, 2005 and 2004</b>	<b>51,003,413</b>	<b>18,072,931</b>	<b>35,531,253</b>	<b>10,582,657</b>
<u>Common shares issued for cash</u>				
- Private Placement @ \$0.45 / \$0.50			1,000,000	450,000
- Private Placement @ \$0.55 / \$0.60			5,111,209	2,811,165
- Private Placement @ \$0.55			1,818,182	1,000,000
- Private Placement @ \$0.225	9,876,300	2,222,167		
- Commissions & legal fees	-	(165,311)	44,319	(233,972)
- Warrants exercised @ \$0.12			971,000	116,520
- Warrants exercised @ \$0.55			2,450	1,348
- Warrants exercised @ \$0.30	4,500	1,350		
- Options exercised @ \$0.225	412,000	92,700		
<u>Valuation adjustments of warrants &amp; options</u>				
Black-Scholes valuation on warrants granted		(1,309,919)		(149,597)
Reverse Black-Scholes valuation on warrants expired		1,495,222		
Reverse Black-Scholes valuation on warrants exercised		585		106,810
	<u>10,292,800</u>	<u>2,336,794</u>	<u>8,947,160</u>	<u>4,102,274</u>
<u>Common shares issued for property acquisitions</u>				
- Inlet property @ \$0.53 / \$0.61			3,000,000	1,590,000
- Masuparia property @ \$0.53			3,000,000	1,590,000
- VVC property @ \$0.40 / \$0.48			225,000	90,000
	<u>-</u>	<u>-</u>	<u>6,225,000</u>	<u>3,270,000</u>
<u>Common shares issued for others</u>				
- For advisory agreement @ \$0.36			100,000	36,000
- For advisory agreement @ \$0.41			200,000	82,000
	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>118,000</u>
Subtotal	<u>10,292,800</u>	<u>2,336,794</u>	<u>15,472,160</u>	<u>7,490,274</u>
<b>Balance, April 30, 2006 and 2005</b>	<b>61,296,213</b>	<b>\$ 20,409,725</b>	<b>51,003,413</b>	<b>\$ 18,072,931</b>

Number of Shares in Escrow

Inlet Resources Ltd. 3,000,000 common shares

Masuparia Gold Corporation 3,000,000 common shares

These shares are subject to release upon regulatory approvals.

**GOLDBROOK VENTURES INC.**  
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Note 6. **Capital Stock (cont'd)**

(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.**  
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(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 February 23, 2005, an aggregate of 418,000 incentive options were granted to key employees and directors of the Company at a price of \$0.37 per share with a five-year term, 40,000 options of which were cancelled.

On January 10, 2006, an aggregate of 1,311,000 incentive stock options were granted to key employees and directors at an exercise price of \$0.225 per share with a five-year term.

On February 6, 2006, 916,000 originally granted incentive stock options were cancelled and same amount of incentive stock options were re-granted to directors and employees.

On April 21, 2006, 50,000 originally granted incentive stock options were cancelled.

Stock options outstanding are summarized as follows:

	Number of Shares Under Stock Options	Weighted average Exercise Price Per Share
<b>Balance Outstanding, April 30, 2005</b>	4,398,000	\$ 0.225
Granted	1,689,000	0.225
Granted	916,000	0.230
Exercised	(412,000)	0.225
Cancelled	(966,000)	0.225
<b>Balance Outstanding, April 30, 2006</b>	<u>5,625,000</u>	<u>\$ 0.226</u>

The fair value of the options granted during the year is estimated on the dates of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

Dividend Yield	Nil
Expected volatility	51% / 84%
Risk free rate of return	6%
Expected life of options	5 years

**GOLDBROOK VENTURES INC.**  
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(d) **Stock Options – Common Shares (cont'd)**

The weighted average fair value of the 418,000 options granted on February 23, 2005 was \$0.19 per option granted. The weighted average fair value of the 1,311,000 options granted on January 10, 2006 was \$0.16 per option granted. Those stock options resulted in a stock option compensation of \$281,580 (with the adjustment made due to the cancellation of 40,000 options granted) which is expensed during the current year. In addition, 966,000 stock options were cancelled, 916,000 of which were re-granted to directors and employees.

On November 2, 2005, the Company announced that pursuant to Exchange policies and the Company's Stock Option Plan (the "Plan"), an aggregate of 4,750,000 outstanding directors' and key employees' incentive stock options have been amended to reflect an exercise price of \$0.225 per share. All other terms and conditions of the option agreements remain unchanged. The market price of the Company's shares on the day of amendment of the option price was \$0.20.

(e) **Stock Option Compensation**

The fair value of the options granted during the year ended April 30, 2006 and 2005, is estimated on the dates of grant using a Black-Scholes option pricing model. During the year, the fair value of options granted is as follows:

<u>Number of options granted</u>	<u>Fair value per share</u>	<u>Stock option compensation</u> <u>Year Ended April 30, 2006</u>
1,311,000	\$0.16	\$209,760
378,000	\$0.19	\$ 71,820
<b>1,689,000</b>		<b>\$281,580</b>

<u>Number of options granted</u>	<u>Fair value per share</u>	<u>Stock option compensation</u> <u>Year Ended April 30, 2005</u>
1,438,000	\$0.23	\$330,740
1,177,000	\$0.27	\$317,790
1,087,000	\$0.30	\$326,100
<b>3,702,000</b>		<b>\$974,630</b>

**GOLDBROOK VENTURES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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Note 6. **Capital Stock (cont'd)**

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

	<u>Warrants</u>	<u>Expiry Date</u>	<u>Exercise Price</u>
	1,100,000	July 21, 2005	\$0.55
	1,750,000	Sept. 15, 2005	\$0.65
	1,500,000	Feb. 24, 2006	\$0.80
	3,555,400	Mar. 4, 2006	\$0.80
	3,764,600	Mar. 23 2006	\$0.80
	106,242	Mar. 4, 2006	\$0.80
	426,648	* Mar. 4, 2006	\$0.85
	125,422	Mar. 23, 2006	\$0.80
	437,352	* Mar. 23, 2006	\$0.85
	(i) 1,000,000	May 4, 2005	\$0.75
	(i) 518,182	Aug. 18, 2006	\$0.60
	(i) 248,499	Oct. 6, 2006	\$0.60
<b>Balance Outstanding, April 30, 2005</b>	<b>14,532,345</b>		
<b>Activity during the year ended April 30, 2006</b>			
Warrants granted	(i) 10,076,300	Oct. 27, 2010	\$0.30
Warrants exercised	(i) (4,500)	Oct. 27, 2010	\$0.30
Warrants expired	(1,100,000)	July 21, 2005	\$0.55
Warrants expired	(1,750,000)	Sept. 15, 2005	\$0.65
Warrants expired	(1,500,000)	Feb. 24, 2006	\$0.80
Warrants expired	(3,555,400)	Mar. 4, 2006	\$0.80
Warrants expired	(3,764,600)	Mar. 23 2006	\$0.80
Warrants expired	(106,242)	Mar. 4, 2006	\$0.80
Warrants expired	(426,648)	* Mar. 4, 2006	\$0.85
Warrants expired	(125,422)	Mar. 23, 2006	\$0.80
Warrants expired	(437,352)	* Mar. 23, 2006	\$0.85
<b>Balance Outstanding, April 30, 2006</b>	<b>(i) <u>11,838,481</u></b>		

\*Pursuant to an Agency Agreement, the Company issued an aggregate of 864,000 broker options, entitling the holder to acquire one unit at the exercise price of \$0.55 for a period of two years (each unit consisting of one common share and one share purchase warrant exercisable at \$0.70 in the first year and \$0.85 in the second year.)

**GOLDBROOK VENTURES INC.**  
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Note 6. **Capital Stock (cont'd)**

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

Details	Number of Shares	
	2006	2005
Stock options	5,625,000	4,398,000
Broker options	-	861,550
Share Purchase Warrants	11,838,481	14,532,345
TOTAL	17,463,481	19,791,895

Note 7. **Related Party Transactions**

There is no amount due to related parties included in accounts payable and accrued liabilities at April 30, 2006 (April 30, 2005 - \$11,854).

During the years ended April 30, 2006 and 2005, the Company was charged the following amounts by directors and officers of the Company or by companies controlled by directors and related parties:

	2006	2005
Consulting fees		\$
- Financial	\$ 62,400	39,500
- Marketing	27,000	59,550
- Shareholders' communication	35,000	-
Corporate and administration fees	-	49,000
Management fees	63,300	57,500
Website fees	18,000	10,000
Deferred exploration costs	138,085	137,500
	\$ 343,785	\$ 353,050

**GOLDBROOK VENTURES INC.**  
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Note 8. **Supplemental Cash Flow Information**

	Year Ended April 30	
	2006	2005
Share issued for mineral properties	\$ -	\$ 3,270,000
Mineral properties acquired for share issued	-	(3,270,000)
Commissions and finders' fees charged to share capital	(165,311)	(233,972)
Common shares issued for advisory agreements	-	118,000
Stock-based compensation	281,580	974,630
Black-schole adjustment – warrants	\$ 185,888	\$ (42,787)

Note 9. **Sale of Fuel in Storage**

During the current year, the Company sold fuel in storage (“Deposit for Mining Camp Services”) to Anglo American Exploration (Canada) Ltd.

The Company allotted the remaining fuel for exploration activities.

Note 10. **Earnings (Loss) per Common Share**

	2006		2005	
	Weighted Average Common Shares Outstanding	Loss Per Common Share	Weighted Average Common Shares Outstanding	Loss Per Common Share
Basic	56,030,692	<u>\$0.03</u>	44,734,763	<u>\$0.07</u>
Effect of stock options	5,026,995		3,874,005	
Effect of broker options	748,584		862,382	
Effect of stock purchase warrants	16,307,177		14,501,787	
Diluted	78,113,448	<u>\$0.03</u>	63,972,937	<u>\$0.07</u>
Anti Dilutive	56,030,692		44,734,763	

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

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**Note 11. 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 asset at April 30, 2006, 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:

2007	\$ 31,672
2008	-
2009	27,361
2010	609,753
2011	874,952
2015	2,422,355
2016	1,480,235
	<u>\$ 5,446,328</u>

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

	<u>2006</u>	<u>2005</u>
Future tax assets	\$ 1,851,751	\$ 1,631,295
Valuation allowance	\$ (1,851,751)	\$ (1,631,295)
Net future tax assets	<u>\$ -</u>	<u>\$ -</u>

A reconciliation between the statutory federal income tax rate and the effective income rate of income tax expense for the years ended April 30, 2006 and April 30, 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Statutory federal income tax rate	34.0%	34.0%
Valuation allowance	-34.0%	-34.0%
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>

Deferred exploration costs have been renounced due to the issuance of common flow through shares. Deferred income tax and valuation allowance are as follows:

	<u>2006</u>	<u>2005</u>
Deferred taxes on renouncement	\$ -	\$ 955,796
Valuation allowance due to flow through shares	\$ -	\$ (955,796)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

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Note 12. **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 the years ended April 30, 2006 and April 30, 2005, relate to this segment.

Note 13. **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 14. **Contingent Liabilities and Commitments**

The Company is not aware of any significant contingent liabilities or guarantees as at April 30, 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 15. **Contributed Surplus**

Stock Based Compensation

	<u>Year Ended April 30,</u>	
	<u>2006</u>	<u>2005</u>
Balance, April 30, 2005 / 2004	\$ 1,318,571	\$ 343,941
2006 / 2005	281,580	974,630
Balance, accumulated to April 30, 2006 / 2005	<u>\$ 1,600,151</u>	<u>\$ 1,318,571</u>

**GOLDBROOK VENTURES INC.**  
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Note 16. **General and Administration Expenses**

	<u>Year Ended April 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Consulting fees</u>		
Financial	\$ 170,054	\$ 59,500
Shareholders' communication	67,750	37,000
Marketing administration	22,000	35,600
Corporate administration	57,913	54,100
Marketing	114,960	109,495
	<u>\$ 432,677</u>	<u>\$ 295,695</u>

	<u>Year Ended April 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Professional fees and audit</u>		
Audit fees	\$ 25,880	\$ 19,648
Accounting fees	43,400	52,000
Sponsor/financial advisory fees	-	118,000
Legal fees	96,426	82,903
	<u>\$ 165,706</u>	<u>\$ 272,551</u>

	<u>Year Ended April 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Shareholder communication, travel and promotion</u>		
Advertising & promotion	\$ 57,121	\$ 87,961
Communication	6,543	4,255
Conferences & shows	50,364	165,540
Mail-out & couriers	11,083	16,114
Press releases	1,158	5,484
Printing	17,457	22,495
Telephone, internet, website	103,383	60,896
Travel & entertainment	266,513	223,099
Other	2,316	3,000
	<u>\$ 515,938</u>	<u>\$ 588,844</u>

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

	Year Ended April 30,	
	2006	2005
<u>Office and general expenses</u>		
Interest and bank charges	\$ 9,208	\$ 2,352
Insurance	667	-
Services	31,650	42,355
Supplies	20,543	16,491
Postage and couriers	7,924	1,851
Rent and telephone	86,139	61,525
Travel	7,735	-
Other	14,987	-
	\$ 178,853	\$ 124,574

Office expenses recovered

The Company received and recognized \$162,765 expenses recoverable from rent, computer/office equipment and miscellaneous services provided at two different offices for the years 2004 and 2005. The amounts was recorded in 2006 and credited to operations in 2006.

Note 17. **Financial Instruments**

- (a) 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 \$239,480, with a market value of \$490,920 at April 30, 2006. The increase in value of \$251,440 is not recorded in these financial statements.
- (b) On January 19, 2006, the Company reported that pursuant to a private placement, it has acquired direct ownership of 366,800 units ("Units") of Masuparia Gold Corporation ("Masuparia") at a price of \$0.225 per Unit, each Unit consisting of one common share and one share purchase warrant. The 366,800 common shares represent 9% of the issued common shares of Masuparia. If all of the warrants held by the Company were exercised, the Company would exercise control or direction over an aggregate of 733,600 common shares of Masuparia, representing approximately 16.6% of the then issued and outstanding common shares of Masuparia, assuming no other warrants are exercised.

The Company has acquired these shares for investment purposes only and reserves the right to add to its position or dispose of shares in Masuparia at any time in the future, depending on market conditions and other relevant factors.

An early warning report in respect of the above noted transactions was filed by the Company.

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Note 17. **Financial Instruments (cont'd)**

- (c) On February 20, 2006, the Company reported that pursuant to a private placement, it had acquired direct ownership of 250,000 units ("Units") of Inlet Resources Ltd. ("Inlet") at a price of \$0.225 per Unit, each Unit consisting of one common share and one share purchase warrant. The 250,000 common shares represent 6.03% of the issued common shares of Inlet. If all of the warrants held by the Company were exercised, the Company would exercise control or direction over an aggregate of 500,000 common shares of Inlet, representing approximately 11.38% of the then issued and outstanding common shares of Inlet, assuming no other warrants are exercised.

The Company has acquired these shares for investment purposes only and reserves the right to add to its position or dispose of shares in Inlet at any time in the future, depending on market conditions and other relevant factors.

An early warning report in respect of the above noted transactions was filed by the Company.

- (d) On February 20, 2006, the Company reported that pursuant to a private placement, it had acquired direct ownership of 530,000 units ("Units") of Resolve Ventures Inc. ("Resolve") at a price of \$0.19 per Unit, each Unit consisting of one common share and one share purchase warrant. The 530,000 common shares represent 9.26% of the issued common shares of Resolve. If all of the warrants held by the Company were exercised, the Company would exercise control or direction over an aggregate of 1,060,000 common shares of Resolve, representing approximately 16.96 % of the then issued and outstanding common shares of Resolve, assuming no other warrants are exercised.

The Company has acquired these shares for investment purposes only and reserves the right to add to its position or dispose of shares in Resolve at any time in the future, depending on market conditions and other relevant factors.

An early warning report in respect of the above noted transactions was filed by the Company.

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

	Cost	Market Value at April 30, 2006
370,000 units Resolve Ventures Inc.	\$ 100,700	\$ 206,700
366,800 units Masuparia Gold Corporation	82,530	146,720
250,000 units Intel Resources Ltd.	56,250	137,500
	<u>\$ 239,480</u>	<u>\$ 490,920</u>

Note 18. **Subsequent Events**

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- (a) 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.
- (b) On June 5, 2006, the Company announced that it would commence a \$4 million program exploration at Ungava and Wakeham in 2006. Fieldwork will commence in the first week of July 2006 and numerous targets have been identified for drilling with a minimum of 3,000m of drilling.
- (c) On June 12, 2006, the Company exercised the 530,000 share purchase warrants in Resolve Ventures Inc. (Note 17(d)) at \$0.25 per share.