

## **MANAGEMENT DISCUSSION & ANALYSIS**

**For the year ended April 30, 2006**

Date of Report: August 18, 2006

### **Directors and Officers as at August 18, 2006:**

**Directors:**

Martin Auyeung  
David Baker  
Walter Peredery  
Earl Terris

**Officers:**

David Baker, President & CEO  
David Cass, VP - Corporate Development

**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 Year Ended April 30, 2006

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

August 18, 2006

### **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 802, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8. 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.

The Company's mineral properties consist of the following:

- Onaman River, Onaman Lake Township, Ontario;
- South Voisey Bay, Labrador;

Raglan Area, District of Northern Quebec:

- Ungava;
- Nuvilik,
- Belanger;
- Wakeham (Inlet);
- Masuparia;
- Ubex;
- VVC; and
- Scott.

### 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, 2006</u>	<u>April 30, 2005</u>	<u>April 30, 2004</u>
(a) Net sales	-	-	-
(b) Loss before extraordinary items			
(i) Total loss	\$1,480,235	\$3,013,618	\$876,654
(ii) Loss per share – basic	\$0.03	\$0.07	\$0.03
(iii) Loss per share – diluted	\$0.03	\$0.07	\$0.03
(c) Net loss			
(i) Total loss	\$1,480,235	\$3,013,618	\$876,654
(ii) Loss per share – basic	\$0.03	\$0.07	\$0.03
(iii) Loss per share – diluted	\$0.03	\$0.07	\$0.03
(d) Total assets	\$14,576,162	\$14,288,182	\$8,209,860
(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 claims were carried at a nominal value of \$1.00 and represented an 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.

#### **South Voisey Bay**

By letter agreement dated March 7, 2002, and regulatory approvals in July 2002, Goldbrook Ventures Inc. acquired a total 100% interest in the South Voisey Bay area of Labrador, comprising 48,000 acres.

The acquisition is from Ram Exploration Ltd. ("Ram") as to 50%, and from Sirret Investments ("Sirret") as to 50%, under the following terms:

- (i) An initial payment of \$50,000 (Paid);
- (ii) The issuance of 2,000,000 Units, priced at \$0.10 each, for a total price of \$200,000, with each Unit comprised of one common share and a share purchase warrant convertible into an additional common share at a price of \$0.12 per share for a period of two years. The share purchase warrants were exercised and have been assigned a total fair value of \$220,000, which was determined based on the date of issuance by applying the Black-Scholes pricing model. This amount has been capitalized as part of acquisition costs.

As at April 2005, the South Voisey Bay claims have lapsed. As such, the Company wrote off all the deferred costs relating to this property in the amount of \$584,848.

### **Raglan Area Properties – District of Northern Quebec**

The Company currently has eight separate property agreements in the Ungava Region and on April 25, 2005 announced an option and joint venture agreement with Anglo American Exploration (Canada) Ltd.

#### **Anglo American Exploration (Canada) Ltd. option and joint venture agreement**

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”). 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. The Company 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.

**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.

**Exploration Results and Future Developments**

Systematic checking of targets from the compilation of public and proprietary data, including Aerotem surveys generated by the company across the claims will commence in July, and consist of geological traverses and prospecting, mapping, soil and litho geochemistry, ground electromagnetic and magnetic surveys, followed by drilling of priority targets. Additionally, helicopter-borne aeromagnetic surveys (AeroTEM) will be flown on some claims not previously surveyed. The use of such a system allows for the systematic and cost effective exploration and delineation of nickel sulphide deposits below surface. Logistical plans for a 30-man exploration camp are underway, with equipment and fuel mobilisation to be completed in June.

**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 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 (see above for details).

### **Exploration Results and Future Developments**

The final 2005 exploration report was received from Anglo American Exploration (Canada) Ltd (AAEC) and plans presented to Goldbrook for the 2006 field season during management committee meetings with Goldbrook and AAEC representatives. The 2006 program will entail follow-up of targets generated by field work and geophysics in 2005, followed by diamond drilling of best targets. Ground geophysics will be undertaken on early-stage regional” targets, and mapping, prospecting and geochemistry will be undertaken on target areas defined during last year’s program. .

#### **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 deemed 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 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 (see above for details).

## **Exploration Results and Future Developments**

The final 2005 exploration report was received from Anglo American Exploration (Canada) Ltd (AAEC) and plans presented to Goldbrook for the 2006 field season during management committee meetings with Goldbrook and AAEC representatives. The nickel, copper and PGE-bearing sulphide drillhole intercepts and surface occurrences discovered to date at Belanger are considered to be part of the same complex of ultramafic sills within the Raglan South Trend that include the Ivakkak, Expo Ungava, Mequillon and Mesamax deposits located tens of kilometres along strike to the north-east. The 2006 program will entail an anticipated 5,000m of diamond drilling to test new and existing targets, including Pad-1 (24.73m @ 0.85% Ni, 1.49% Cu, 1.28 g/t PGE), and at Timtu (8.65m @ 1.01% Ni, 0.63% Cu, and 2.38 g/t PGE's discovered during 2005. Interpretation of results from 3D modeling of the Getty and Sylvie areas to define and extend the known mineralization by drilling is planned. A total of 10 target regions have been identified for drilling to date. Ground geophysics will focus on early-stage "regional" targets. Soil geochemical sampling will continue to identify new regional targets particularly to the west of the Belanger trend.

### **Property # 4 – Wakeham (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 provide 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 price of \$0.61 per share for a total of \$122,000.

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 will 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.

### **Exploration Results and Future Developments**

Systematic checking of targets from the compilation of public and proprietary data, including the AeroTEM geophysical surveys, generated by the company across the claims will commence in July, and consist of geological traverses and prospecting, mapping, soil and till geochemistry, ground electromagnetic and magnetic surveys, followed by drilling of priority targets. Additionally, helicopter-borne aeromagnetic surveys (AeroTEM) will be flown on some parts of the claim block not previously covered, or with areas that require more detailed coverage. Detailed work is warranted in the Nancy area located at the eastern end of the Wakeham property, where previous work by the Company identified prospective ultramafic-mafic and sulphide-rich sedimentary outcrops, with surface samples taken during this previous work assayed up to 0.4% Ni, 0.6% Cu and 1.2 g/t PGE. Limited drilling intersected ultramafic rocks with low grade, but significant Ni-Cu-PGE intercepts. Exploration will be conducted from the Company's own exploration camp.

### **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 provide 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.

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.

### **Exploration Results and Future Developments**

As per the Ungava and Wakeham claims, the systematic field checking of targets from the compilation of public and proprietary data generated by the will commence in July, and consist of geological traverses and prospecting, mapping, soil and till geochemistry, ground electromagnetic and magnetic surveys, followed by drilling of priority targets. Additionally, helicopter-borne aeromagnetic surveys (AeroTEM) will be flown on some parts of the claim blocks not previously surveyed. The use of such a system allows for the systematic and cost effective exploration and delineation of nickel sulphide deposits up to 200 metres below surface. Permitting and logistical plans for a 30-man exploration camp located on the Masuparia property to the south of Lac Guindeau is underway, with equipment and fuel mobilisation to be completed in June.

### **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 was 125,000 common shares 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.

### **Exploration Results and Future Developments**

The Ubex claims are located immediately south of the Wakeham property. Work on these claims

will continue to be part of the Wakeham property compilation and targeting. Logistical plans for the 2006 field programme is underway with equipment and fuel mobilisation to be completed in June. Field work will commence in July and comprise prospecting, geological mapping, soil and till geochemistry, ground electromagnetic and magnetic surveys, followed by drilling of priority targets.

**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 acquired the remaining 30% interest in the claims and agreed to form a joint venture with the Company to further explore and develop the property. As consideration for the 70% interest, the Company issued 200,000 common shares to VVC Exploration Corporation on receipt of Exchange approval and incurred 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 were issued on the same day.

**Exploration Results and Future Developments**

The VVC properties comprise a number of claim blocks distributed throughout the Raglan District and are blocks are contiguous with the Nuvilik, Masuparia, Wakeham, and Ungava Properties. The work completed on these properties and planned exploration activities are included in the relevant property descriptions above. As per all of the East Raglan properties, field work will commence in July and comprise prospecting, geological mapping, soil and till geochemistry, ground electromagnetic and magnetic surveys, followed by drilling of priority targets.

**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 was \$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.

### **Exploration Results and Future Developments**

The Scott property comprises two blocks of claims. The first block of claims is contiguous with the Nuvilik although not included with the AAEC agreement. Systematic checking of targets from the compilation of public and proprietary data generated by the company across the claims will commence in July, and consist of geological traversing and prospecting, mapping, soil and litho geochemistry, ground electromagnetic and magnetic surveys, followed by drilling of priority targets. The second block of claims is contiguous with the Ungava property, work and planning was completed on this block in conjunction with the Ungava property (see above). As per all of the East Raglan properties, field work will commence in July and comprise prospecting, geological mapping, soil and till geochemistry, ground electromagnetic and magnetic surveys, followed by drilling of priority targets.

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

The loss for the year ended April 30, 2006 was \$1,480,235 as compared with a loss of \$3,013,618 for the year ended April 30, 2005. The increases and decreases in the expenses for the twelve months were in the following categories:

- Consulting fees increased by \$136,982 due to the increased financing and marketing activities during the year, and the various geological projects on the mining properties;
- Professional fees decreased by \$113,077 due to the decreased sponsor/financial advisory fees.
- Stock option compensation expenses decreased by \$693,050.
- Shareholders' communication, travel and promotional expenses decreased by \$72,906 due to fewer activities in trade show participation and conferences in the current year.
- During the year, 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 recovered were recorded as a credit to operations, and as such reduced the total expenses.

During the current year, the Company sold fuel in storage ("Deposit for Mining Camp Services") to Anglo American Exploration (Canada) Ltd. in the amount of \$443,485.

Below is a comparison of the General and Administration Expenses during the twelve months ended April 30, 2006 and 2005:

	April 30, 2006	April 30, 2005	Increase (Decrease)
Amortization	14,053	12,006	2,047
Audit fees	25,880	19,648	6,232
Consulting fees	432,677	295,695	136,982
Foreign exchange	4,171	-	4,171
Office & general expenses	92,714	63,049	29,665
Management fees	63,300	57,500	5,800
Professional fees	139,826	252,903	(113,077)
Property investigation	17,764	857	16,907
Regulatory fees and services	54,585	85,819	(31,234)
Rent and telephone	86,139	61,525	24,614
Shareholders' communication, travel and promotions	515,938	588,844	(72,906)
Stock option compensation	281,580	974,630	(693,050)
Wages and benefits	74,641	43,288	31,353
Office expenses recovered	(162,765)	-	(162,765)
Total	\$1,640,503	\$2,455,764	\$(938,606)

***Investor Relations Activities***

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

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

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

During the fourth quarter, there were no financing activities concluded.

## 1.5 Summary of Quarterly Results

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

	Q4 <u>30-Apr-06</u>	Q3 <u>31-Jan-06</u>	Q2 <u>31-Oct-05</u>	Q1 <u>31-Jul-05</u>	Q4 <u>30-Apr-05</u>	Q3 <u>31-Jan-05</u>	Q2 <u>31-Oct-04</u>	Q1 <u>31-Jul-04</u>
Net sales	-	88,478	-	34,867	-	-	-	-
Net Loss:								
Total	\$297,978	\$508,398	\$375,646	\$298,213	\$1,026,494	\$281,280	\$724,609	\$981,235
Per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.03	\$0.01	\$0.02	\$0.03
Per share - diluted	\$0.031	\$0.01	\$0.01	\$0.01	\$0.03	\$0.01	\$0.02	\$0.03

### ***Discussion***

For the quarter ended April 30, 2006, please refer to Section 1.4 - *Results of Operations*.

## 1.6 Liquidity

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

At April 30, 2006, the Company has total assets of \$14,576,162. The primary assets of the Company are cash of \$3,180,015, accounts receivable of \$628,177, short term investments in public companies at cost of \$239,480, and mineral properties with a historic cost of \$10,456,143. The Company has no long-term liabilities and has working capital of \$4,041,726.

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 \$10,456,143. 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 is no off-balance sheet arrangements to which the Company is committed.

### **1.9 Transactions with Related Parties**

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

	<u>2006</u>	<u>2005</u>
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
	<u>\$ 343,785</u>	<u>\$ 353,050</u>

### **1.10 Fourth Quarter**

Fourth quarter results do not differ significantly from other quarters.

### **1.11 Proposed Transactions**

None.

### **1.12 Critical Accounting Estimates**

N/A

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

N/A

#### **1.14 Financial Instruments and Other Instruments**

For cash and equivalents, accounts receivable, investment 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.

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.

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.

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.

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***

	Number of shares	Book Value
Common Shares	61,296,213	\$ 20,409,725
Incentive Stock Options	5,625,000	\$ 1,270,205
Warrants	11,838,481	\$ 4,230,199

##### ***Additional Disclosure***

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

##### ***Summary of Mineral Properties, April 30, 2006***

Refer to the financial statements and notes of the Company.

##### ***Other Information***

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

***Subsequent Events***

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 with a five year term.

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

On June 12, 2006, the Company exercised the 530,000 share purchase warrants in Resolve Ventures Inc. at \$0.25 per share.