

**BRALORNE GOLD MINES LTD.**  
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**Q1 INTERIM FINANCIAL STATEMENTS**  
**FOR PERIOD ENDING APRIL 30, 2007**

**Shares Traded**

TSX Venture Exchange  
Symbol: BPM

OTCPK  
Symbol: BPMSF

Frankfurt/Berlin-Bremen  
WKN A0B75M

**Directors and Officers**

Louis Wolfin, Director and Chief Executive Officer  
William G. Kocken, Director & President  
Lloyd Andrews, Director & Chairman  
David Wolfin, Director & VP Finance  
Matt Wayrynen, Director & VP Operations  
William Glasier, Director  
Florian Riedl-Riedenstein, Director  
Howard Lonsdale, Director  
Gary Robertson, Director  
Connie Lillico, Secretary

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**BRALORNE GOLD MINES LTD.**

Balance Sheets

(Prepared by Management)

<b>As at</b>	<b>April 30, 2007</b>	<b>January 31, 2007</b>
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,417,263	\$ 2,770,181
Accounts receivable and prepaid expenses	56,398	63,949
Interest receivable	97,329	87,430
Taxes recoverable	70,508	28,729
Share subscriptions receivable	-	650
	2,641,498	2,950,939
Due from related parties (Note 6(c))	92,527	93,309
Mineral property (Note 4)	17,410,067	16,709,529
Equipment	22,678	22,117
Restricted cash	125,000	122,500
	\$ 20,291,770	\$ 19,898,394
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 304,673	\$ 255,301
Due to related parties (Note 6(d))	309,757	183,445
	614,430	438,746
Site restoration obligation	98,000	98,000
	712,430	536,746
<b>Shareholders' equity</b>		
Share capital (Note 5)	25,949,452	25,637,789
Contributed surplus	3,711,249	3,696,838
Deficit	(10,081,361)	(9,972,979)
	19,579,340	19,361,648
	\$ 20,291,770	\$ 19,898,394

**NOTE 1 – NATURE OF OPERATIONS**

Approved by the Directors:

\_\_\_\_\_  
"Louis Wolfin" Director\_\_\_\_\_  
"William Kocken" Director

**BRALORNE GOLD MINES LTD.**  
Interim Statements of Operations and Deficit  
(Unaudited – Prepared by Management)

	<b>Three Months Ended April 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>General and administrative expenses</b>		
Administration services	\$ 690	\$ 1,369
Amortization	1,238	1,538
Automobile expense	7,192	1,209
Consulting	22,500	17,129
Interest	6	-
Listings and filing fees	5,000	17,300
Office, occupancy and miscellaneous	10,901	24,660
Professional fees	14,813	31,461
Salaries and benefits	13,396	32,171
Shareholder information	39,319	6,172
Stock-based compensation	14,411	-
Transfer fees	2,341	1,582
Travel and accommodation	5,721	18,954
	(137,528)	(153,545)
<b>Other items</b>		
Interest income	34,666	45,760
Write-down of receivables	(5,520)	-
Foreign exchange gain	-	380
<b>Loss and comprehensive loss for the period</b>	(108,382)	(107,405)
Deficit, beginning of period	(9,972,979)	(10,374,140)
<b>Deficit, end of period</b>	\$ (10,081,361)	\$ (10,481,545)
<b>Loss per share</b>	\$(0.01)	\$(0.01)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	13,340,981	13,215,554

**BRALORNE GOLD MINES LTD.**  
Interim Statements of Cash Flows  
(Unaudited – Prepared by Management)

	<b>Three Months Ended April 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (108,382)	\$ (107,405)
Adjustments for items not involving cash:		
Amortization	1,238	1,537
Stock-based compensation	14,411	-
	(92,733)	(105,868)
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	7,551	(37,886)
Interest receivable	(9,899)	-
Taxes recoverable	(41,779)	4,970
Accounts payable and accrued liabilities	49,372	(296,156)
<b>Cash used in operating activities</b>	<b>(87,488)</b>	<b>(434,940)</b>
<b>INVESTING ACTIVITIES</b>		
Increase in office equipment	(1,799)	-
Deferred exploration expenditures	(700,538)	(475,831)
Increase in reclamation deposit amount	(2,500)	(2,500)
Gold sales prior to commencement of commercial production	-	235,376
Funds advanced to (received from) related parties, net	127,094	(28,065)
<b>Cash used in investing activities</b>	<b>(577,743)</b>	<b>(271,020)</b>
<b>FINANCING ACTIVITIES</b>		
Share subscriptions receivable	650	-
Issuance of common shares, net	311,663	-
<b>Cash provided by financing activities</b>	<b>312,313</b>	<b>-</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(352,918)</b>	<b>(705,960)</b>
Cash and cash equivalents, beginning of period	2,770,181	5,216,508
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,417,263</b>	<b>\$ 4,510,548</b>

## **BRALORNE GOLD MINES LTD.**

Notes to Interim Financial Statements

April 30, 2007

(Unaudited – Prepared by Management)

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### **1. Nature of Operations**

Bralorne Gold Mines Ltd. ("Bralorne") was incorporated on July 10, 1992 under the laws of the Province of British Columbia. The Company owns a 100% interest in a mineral property in British Columbia, Canada. It is in the process of exploring its mineral property interest and has not yet determined whether this property contains enough ore reserves, such that their recovery would be economically viable.

The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's continued viability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete development, and future profitable production or from the proceeds from the disposition of its mineral property interest.

The Company has positive working capital of \$2,027,068 at April 30, 2007. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from carrying values, as show in the financial statements, should the Company be unable to continue as a going concern

### **2. Basis of Presentation and Recent Accounting Pronouncements**

These unaudited interim financial statements have been prepared in accordance with the instructions for the preparation of such financial statements contained in the CICA Handbook Section 1751. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such instructions. These unaudited interim financial statements should be read in conjunction with the audited financial statements and accompanying notes thereto for the fiscal year ended January 31, 2007. These interim financial statements have not been reviewed by an auditor.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of these unaudited financial statements have been included and all such adjustments are of a normal recurring nature. Operating results for the three month period ended April 30, 2007 are not necessarily indicative of the results that can be expected for the year ended January 31, 2008.

In early 2005, the CICA issued new standards for Comprehensive Income (CICA 1530), Financial Instruments (CICA 3855) and Hedges (CICA 3865), which are effective for fiscal years beginning on or after October 1, 2006. The new standards bring Canadian rules more into line with current rules in the United States. These new standards do no affect the Company at present and consequently no statement of comprehensive income is required to be included with the interim financial statements.

Section 1530 introduces the concept of comprehensive income, which includes net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from such items as unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale investments, and changes in the fair value of the effective portion of cash flow hedging instruments. The application of this new standard did not result in comprehensive income being different from net income for the periods presented.

**2. Basis of Presentation and Recent Accounting Pronouncements (Continued)**

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It also specifies how financial instrument gains and losses are to be presented. All financial instruments must be classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Initial and subsequent recognition and measurement of changes in the value of financial instruments depends on their initial classification. The application of Section 3855 did not have an impact on the Company's interim financial statements.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes, and specifies how hedge accounting is applied and what disclosures are necessary when it is applied. The application of Section 3865 did not have an impact on the Company's interim financial statements as there are no transactions which have been designated as hedges for accounting purposes.

**3. Comparative figures**

Certain of the comparative figures for 2006 have been reclassified, where applicable, to conform to the presentation adopted for the current year.

**4. Mineral Properties**

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the properties are put into commercial production, sold or abandoned. Under this method, all amounts shown as mineral properties represent costs incurred to date less amounts amortized and/or written off and do not necessarily represent present or future values.

Inventory of gold floatation concentrate, gold dore bars and silver contained within the gold dore bars, produced during the bulk sampling development stage, are recorded as a component of mineral property costs. Proceeds from the sale of inventory produced during the bulk sampling stage and the carrying value of the inventory are deducted against the mineral property costs.

As at April 30, 2007, the Company had inventory of gold and silver dore bars valued at \$440,213.

**4. Mineral Properties (Continued)**

The following is a summary of mineral property expenditures for the Bralorne Property for the three months ended April 30, 2007:

<u>Mineral property as at January 31, 2007</u>	<u>\$ 16,709,529</u>
Assays	2,418
Camp operations	27,295
Field office	29,234
General exploration	611,757
Insurance	7,525
Mine power	16,928
Mill operating	4,296
Taxes & permits	1,085
<u>Increase in deferred expenditures</u>	<u>700,538</u>
<u>Mineral property as at April 30, 2007</u>	<u>\$ 17,410,067</u>

**5. Share Capital**

- (a) Authorized Unlimited common shares without par value  
(b) Issued

	April 30, 2007		January 31, 2007	
	Shares	Amount	Shares	Amount
<b>Balance</b> , beginning of period,	13,215,554	\$25,637,789	13,215,554	\$26,465,789
Exercise of warrants	188,868	228,063	-	-
Exercise of stock options	85,000	83,600	-	-
Renouncement of tax benefits associated with flow-through shares	-	-	-	(828,000)
<b>Balance</b> , end of period,	<u>13,489,422</u>	<u>\$25,949,452</u>	<u>13,215,554</u>	<u>\$25,637,789</u>

**5. Share Capital (Continued)**

(c) Share Purchase Warrants

As at April 30, 2007, the following share purchase warrants were outstanding:

Number of Underlying Shares	Exercise Price	Expiry Date
1,984,707	\$1.20	December 21, 2007
413,313	\$1.20	December 28, 2007
446,563	\$1.25	December 29, 2007
1,972,000	\$1.25	December 30, 2007
600,000	\$1.25	January 30, 2008
505,284	\$3.25	February 8, 2008
470,193	\$3.00	April 26, 2010
1,000,000	\$3.00	April 26, 2010
<b>7,392,060</b>		

(d) Stock Options

A summary of the stock options granted and exercised at the period ended April 30, 2007 is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2007	1,204,500	\$1.14
Exercised	(85,000)	0.98
<b>Balance, April 30, 2007</b>	<b>1,119,500</b>	<b>\$1.15</b>

During the three month period ended April 30, 2007, there were no stock options granted by the Company.

A summary of stock options outstanding and exercisable at the period ended April 30, 2007 is as follows:

Range of Exercise Prices	Number Outstanding	Weight Average Remaining Contractual Life (yr)	Weighted Average Exercise Price
\$0.00 - \$1.00	50,000	4.48	\$0.86
\$1.01 - \$2.00	1,069,500	3.96	\$1.16

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Notes to Interim Financial Statements

April 30, 2007

(Unaudited – Prepared by Management)

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**6. Related Party Transactions**

Related party transactions not disclosed elsewhere in these statements are as follows:

- a) During the three month period ended April 30, 2007, the Company paid, or made provision for the future payment, of the following amounts to related parties:
  - i) \$29,460 (2006 - \$26,808) for administrative expenses to Oniva International Services Corp. ("Oniva"), a private Company beneficially owned by the Company and a number of other public companies related through common Directors;
  - ii) \$22,500 (2006 - \$15,000) to three private companies controlled by Directors for management fees; and
  - iii) \$24,000 (2006 - \$24,000) to a private company controlled by the President of the Company for geological consulting and general mine management.
- b) The Company was billed \$187,462 (2006 - \$236,478) in drilling expenses from ABC Drilling Services Inc. ("ABC Drilling"), a private drilling company with common management for 5,018 feet (2006 – 8,470 ft) of drilling. ABC Drilling reimbursed the Company \$3,080 (2006 - \$9,599) for supplies, equipment rentals, and administrative expenses incurred.
- c) Due from related parties consists of \$5,862 (2006 - \$5,520) from Mill Bay Ventures Inc., a public company with common management and common directors and \$86,665 (2006 - \$117,541) from Oniva referred to in 6.a) i) above.
- d) Due to related parties consists of \$281,759 (2006 - \$Nil) to ABC Drilling; and \$27,998 (2006 - \$27,998) to Coral Gold Resources Ltd., a public company with common management and common directors.

Related party balances are unsecured, due on demand and do not bear interest.

**7. Commitment**

The Company entered into a cost sharing agreement dated October 1, 1997 and amended November 1, 2003 to reimburse a company under common control for a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses referred to above. The agreement may be terminated with one month notice by either party.

**8. Subsequent Events**

Subsequent to April 30, 2007, there have been 41,500 stock options exercised for proceeds of \$40,640 and 32,000 warrants exercised for proceeds of \$38,400.

The following discussion and analysis of the results of operations, and financial position of Bralorne Gold Mines Ltd. (the "Company" or "Bralorne") for the period ended April 30, 2007 should be read in conjunction with the April 30, 2007 interim financial statements and the related notes thereto. The effective date of this Management Discussion and Analysis is June 27, 2007. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

Except for historical information, the MD&A may contain forward looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

### **Business Description**

The Company is a natural resource company, primarily engaged in the acquisition, exploration and development of natural resource properties since its inception. The Company's principal business activities for the last 15 years has been the exploration and development of certain mineral properties located in the Lillooet Mining District of British Columbia in the Bridge River area near Lillooet, specifically referred to as the Bralorne Gold Mine. The Property includes mineral properties that have produced approximately 4 million ounces of gold over 40 years in the historic Bralorne gold camp of British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol BPM, on the OTCPK under the symbol BPMSF and on the Berlin & Frankfurt Stock Exchanges under the symbol GV7.

Geological reports titled "Geological Modeling and Exploration Targeting for the Bralorne-Pioneer Mine Property" dated September 16, 2002, as revised October 10, 2003, prepared by Dr. Matt Ball, PhD., P.Geo. of North Vancouver, B.C. (the "Ball Report (2002)"), the update report entitled, "Report on the 2002 and 2003 Drilling and Trenching on the Bralorne Pioneer Mine Property", dated October 15, 2003, prepared by David St. Clair Dunn, P.Geo. of Gibsons, B.C. (the "St. Clair Dunn Report"), "Bralorne Mine, Bralorne Gold Deposit, Preliminary Assessment" dated September 2005, prepared by Beacon Hill Consultants (1988) Ltd. ("Beacon Hill") and "Bralorne Mine, Bralorne Gold Deposit, Preliminary Assessment Update" dated October 2006 by Beacon Hill are available at [www.sedar.com](http://www.sedar.com).

The Property consists of 154 Crown granted mineral claims, ten freehold parcels of land, two reverted Crown granted claims and eight metric unit claims that includes the former King-Bralorne-Pioneer gold mine in the historic Bridge River gold mining camp of southwest British Columbia. The entire Bralorne-Pioneer Mine Property covers approximately 2,422 hectares. The Property is located 160 kilometres due north of Vancouver, British Columbia, Canada.

The claims comprising a small portion of the Property are subject to an underlying covenant in which the Company is required to pay 1.6385% of Net Smelter Proceeds of Production to Bralorne Resources Limited of Calgary, Alberta. In addition, there is an underlying agreement on 12 specific crown grants that requires the Company to pay to Bralorne Resources Limited of Calgary, Alberta, an amount of fifty cents (\$0.50) per ton of ore produced from these claims, if the ore grade exceeds  $\frac{3}{4}$  (0.75) ounce per ton gold.

### **Business Overview**

In April 2007, the Company reported that the holes on the first line (section) of the multi-hole, five line program from the end of the 800 level King Drift, returned encouraging results. The holes targeted

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the vein at 75 foot vertical intercepts, and have shown that the vein is steep dipping within a strong alteration zone. This was the typical style of the historic producing veins mined in the past. This structure occurs in an area where no historical drilling has taken place, the King-Bralorne gap, and the zone is open in all directions.

The alteration zone is generally "bleached" and contains varying amounts of pyrite and quartz, and, as will be noted in the following table, the vein undulates somewhat within it.

**LINE 1 AZIMUTH 198**

HOLE NO.	DIP	ALT ZONE FROM – TO(Ft)	AU OZ/TON INTERVAL	VEIN FROM –TO(Ft)	AU OZ/TON INTERVAL
UB07-01	0	494.7 – 507 Incl. 506-507	0.107/12.3 0.592/1.0	495.9 -501.2 Incl. 500-501.2	0.116/5.3 0.400/1.2
<b>UB07-02</b>	<b>-9</b>	<b>485.3 -490.5</b>	<b>1.595/5.2</b>	<b>485.3 - 489</b>	<b>2.203/3.7</b>
<b>UB07-03</b>	<b>-17.5</b>	<b>511 -520.3</b>	<b>0.128/9.3</b>	<b>516.3 -520.3</b> <b>Incl.518.3-519.3</b>	<b>0.244/4</b> <b>0.925/1</b>
UB07-04	-25.5	528.6 - 537	0.082/8.4	530 – 533 Incl. 531-532	0.081/3 0.178/1
UB07-05	-32	555 – 562.2	0.056/7.2	555 -557.8 Incl. 531-532	0.064/2.8 0.178/1
UB07-06	-38	ABANDONED			
UB07-07	-38	582 -585.5	0.036/3.5	583.3 – 584.4	0.033/1.1
UB07-08	-45	612.4 – 627.3	0.045/14.9	613.4 -620.5 Incl.619.3- 620.5	0.041/6.6 0.122/1.2
<b>UB07-09</b>	<b>+9</b>	<b>486.9 – 493.1</b>	<b>1.357/6.2</b>	<b>491.2 – 493.1</b>	<b>4.195/1.9</b>
UB07-10	+17	497-499.5	PENDING	497.5-499.5	
UB07-11	+26	544.5 – 556.8	PENDING	550.0 – 551.5	

Due to the orientation of the vein, the intercepts in holes 1, 2, 3, 4, 5, 9 & 10 are very near true width. Holes 7, 8 & 11 should be reduced to 80% of intercept.

Drilling of 5 holes on line 2, which targeted the zone 100 feet east of line 1, and at 150 foot vertical intervals, is nearing completion, and has confirmed that the structure continues with strength in that direction. Drilling of 5 holes on line 3, which will target the zone 100 feet west of line 1, will start shortly.

The 12 hole underground drill program was proposed in September 2006 to test the "Bonanza" surface drill hole SB-06-109B. The drill program has been extended from 12 holes to a minimum of 22 holes and a possible extension to drill 10 more holes to the east and west to confirm the length of the structure.

Assays were done by Eco Tech Laboratory Ltd. of Kamloops, BC, a certified assay laboratory. The method used was fire assay with metallics. The program is being supervised by Robert Reid, P. Geo., a qualified person as per National Instrument 43-101.

**Geoenvironmental Study**

In June 2007, the Company announced that together with the Government of Canada, they will be collaborating on a new project in southwestern British Columbia to help develop better environmental standards for extracting gold deposits.

The project, entitled "*Assessing and Reducing Risks from Metals in the Environment*" is focused on developing a geoenvironmental model for a specific class of gold deposits.

A geoenvironmental approach combines knowledge of geological, geochemical, hydrogeological, and geophysical characteristics of a specific type of ore deposit. The goal of the project is to reduce the risks of gold mining on ecosystems and human health. The new geoenvironmental model will seek to characterize the processes controlling the release, transport and bio-accessibility of metals from mine wastes and drainage waters.

The project will take place at the historic Bralorne and Pioneer mine sites in southwestern British Columbia, along with other mineralized areas in the Cadwallader Creek drainage basin. The joint effort will provide a blueprint for the environmental assessment of similar gold deposits in other parts of Canada.

### **Results of Operations**

#### **Three months ended April 30, 2007 compared with the three months ended April 30, 2006.**

##### ***Head office-general and administrative expenses***

General and administrative expenses totaled \$137,528 for the quarter ended April 30, 2007 compared with \$153,545 for the quarter ended April 30, 2006, a decrease of \$16,017. This decrease is attributed to decreases of \$12,300 in listing and filing fees, \$13,759 in office, occupancy and miscellaneous, \$16,648 in professional fees, 18,775 in salaries and benefits, and \$13,233 in travel and accommodation in the current quarter. Offsetting these decreases were increases of \$5,983 in automobile expense, \$5,371 in consulting, \$33,147 in shareholder information and \$14,411 in stock-based compensation. Listing and filing fees and professional fees were both lower in the current quarter due to no sponsorship and legal costs being incurred in that period in regards to the Company trying to get listed on the Toronto Stock Exchange whereas the comparative quarter incurred such costs. Office, occupancy and miscellaneous costs were lower due to less insurance costs being charged to the current quarter. Salaries and benefits expenses concerning the head office were basically unchanged between the quarters, however the quarter ended April 30, 2006 had experienced additional mine site related personnel costs. Consulting fees were higher in the current quarter because the C.E.O. is now being paid a monthly fee whereas they did not receive a monthly fee in the prior years' quarter. The increase in shareholder information costs was a result of increased efforts to promote the Company and investor relations consulting services commitments that incurred in the quarter ended April 30, 2007 but not the quarter ended April 30, 2006. There was no stock-based compensation charged to operations in the quarter ended April 30, 2006.

##### ***Loss for the period***

Loss for the quarter ended April 30, 2007 was \$108,382 compared with a loss of \$107,405 for the quarter ended April 30, 2006, an increase of \$977. The primary reasons for the difference between the comparative quarters are the same as those referred to above for the general and administrative expenses. Increasing the loss further was lower interest income of \$34,666 for recent quarter compared to \$45,760 for the quarter ended April 30, 2006, a decrease of \$11,094. The interest was earned on the private placement proceeds that were acquired in the last quarter of fiscal 2006.

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**Summary of Quarterly Results**

Period ended	Apr. 30 2007 Q1	Jan 31 2007 Q4	Oct 31 2006 Q3	Jul 31 2006 Q2	Apr. 30 2006 Q1	Jan 31 2006 Q4	Oct 31 2005 Q3	Jul 31 2005 Q2
		\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>Net Income (Loss)</b>	(108,382)	613,938	(80,561)	(24,811)	(107,405)	(1,344,131)	(78,113)	(211,007)
<b>Loss per Share</b>	(0.01)	0.05	(0.01)	(0.00)	(0.01)	(0.16)	(0.01)	(0.03)

The quarter ended October 31, 2005 experienced a reduction in exploration activities and cost cutting measures were taken to reduce general and administrative expenses. While these costs were being reduced, efforts were being made to investigate and secure additional financing, the proceeds of which came to fruition in the quarter ended January 31, 2006. It was this quarter that the Company cancelled all outstanding stock options and granted new ones which resulted in a stock-based compensation expense of \$1,140,559. The most recent quarters have seen an increase in overall expenses due to an increase in exploration activities; however, there has been interest revenue of approximately \$35,000 to \$45,000 in each quarter which has reduced the loss or added to the income. The reason the quarter ended January 31, 2007 shows an income instead of a loss is to a future income tax recovery of \$828,000 recorded in that period. The only other quarter to record such a recovery was the quarter ended January 31, 2006 for an amount of \$24,504.

**Liquidity and Capital Resources**

During the quarter ended April 30, 2007 the Company has accrued \$700,538 towards mineral exploration on its Bralorne Property. The mill has been shut down to allow more concentration and total emphasis on our drilling program. In conjunction with the exploration activities, work concerning environmental studies and compliance measures continues. At this time the Company has no operating revenues.

At April 30, 2007, the Company held \$440,213 worth of gold dore bars and silver in inventory.

At April 30, 2007, the Company had working capital of \$2,027,068 and cash and cash equivalents of \$2,417,263. The Company is continuing its exploration drilling program and the estimated cost for the current year is \$1.5 million. The Company has sufficient cash on hand at this time to finance the limited exploration work on its mineral properties and maintain administrative operations through January 31, 2008.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprise substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the continued support from its directors, the discovery of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

### **Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet transactions.

### **Transactions with Related Parties**

During the year ended April 30, 2007, the Company paid, or made provision for the future payment, of the following amounts to related parties:

- i) \$29,460 (2006 - \$26,808) for administrative expenses to Oniva International Services Corp. ("Oniva"), a private Company beneficially owned by the Company and a number of other public companies related through common Directors;
- ii) \$22,500 to three private companies (2006 - \$15,000 to two private companies) controlled by Directors for management fees; and
- iii) \$24,000 (2006 - \$24,000) to a private company controlled by the President of the Company for geological consulting and general mine management.

The Company was billed \$187,462 (2006 - \$236,478) in drilling expenses from ABC Drilling Services Inc. ("ABC Drilling"), a private drilling company with common management for 5,018 feet (2006 - 8,470 ft) of drilling. ABC Drilling reimbursed the Company \$3,080 (2006 - \$9,599) for supplies, equipment rentals, and administrative expenses incurred.

Amounts due from related parties consist of \$5,862 (2006 - \$5,520) from Mill Bay Ventures Inc., a public company with common management and common directors and \$86,665 (2006 - \$117,541) from Oniva referred to above.

Amounts due to related parties consist of \$281,759 (2006 - \$Nil) to ABC Drilling; and \$27,998 (2006 - \$27,998) to Coral Gold Resources Ltd., a public company with common management and common directors.

Related party balances are unsecured, due on demand and do not bear interest.

### **Disclosure of Management Compensation**

During the year, \$24,000 was paid to the President for services as director and officer of the Company; \$7,500 was paid to the C.E.O. for services as director and officer of the Company; \$7,500 was paid to the V.P., Finance for services as director and officer of the Company; \$7,500 was paid to the V.P., Operations for services as director and officer of the Company; and \$2,340 was paid to the Secretary for services as an officer of the Company.

### **Critical Accounting Estimates**

The preparation of financial statements in conformity with Canadian GAAP 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 period. Actual results may differ from those estimates.

### **Financial Instruments**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, accounts receivable, interest receivable, share subscriptions receivable and accounts payable approximate their fair value because of the short-term nature of these instruments. It is not practical to determine the fair value of the amounts due to and from related parties with sufficient reliability due to the nature of the financial instruments, the absence of secondary markets, and the significant cost of obtaining outside appraisals.

The Company extends credit to related parties and various third parties in the course of its exploration activities. The Company performs ongoing credit evaluations of its receivables and believes it has made adequate provisions for potential credit losses.

The Company places its cash and cash equivalents with high credit quality financial institutions. The Company is not exposed to significant interest or currency risk arising from these financial instruments.

### **Changes in Accounting Policies**

In early 2005, the CICA issued new standards for Comprehensive Income (CICA 1530), Financial Instruments (CICA 3855) and Hedges (CICA 3865), which are effective for fiscal years beginning on or after October 1, 2006. The new standards bring Canadian rules more into line with current rules in the United States. These new standards do not affect the Company at present and consequently no statement of comprehensive income is required to be included with the interim financial statements.

Section 1530 introduces the concept of comprehensive income, which includes net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from such items as unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale investments, and changes in the fair value of the effective portion of cash flow hedging instruments. The application of this new standard did not result in comprehensive income being different from net income for the periods presented in the interim financial statements.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It also specifies how financial instrument gains and losses are to be presented. All financial instruments must be classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Initial and subsequent recognition and measurement of changes in the value of financial instruments depends on their initial classification. The application of Section 3855 did not have an impact on the Company's interim financial statements.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes, and specifies how hedge accounting is applied and what disclosures are necessary when it is applied. The application of Section 3865 did not have an impact on the Company's interim financial statements as there are no transactions which have been designated as hedges for accounting purposes.

### **Outstanding Share Data**

At June 27, 2007, there were 13,562,922 common shares issued and outstanding.

The following is an analysis of outstanding share options and warrants.

Summary of management incentive options outstanding as of June 27, 2007 is as follows:

<b>Exercise Price Per Share</b>	<b>Expiry Date</b>	<b>Number of Shares Remaining Subject to Options</b>
\$1.16	January 16, 2011	1,053,000
		<b>1,053,000</b>

Summary of warrants outstanding as of June 27, 2007 is as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Underlying Shares</b>
\$3.25	February 8, 2008	505,284
\$1.20	December 21, 2007	1,954,707
\$1.20	December 28, 2007	413,313
\$1.25	December 29, 2007	446,563
\$1.25	December 30, 2007	1,970,000
\$1.25	January 30, 2008	600,000
\$3.00	April 26, 2010	470,193
\$3.00	April 26, 2010	1,000,000
		<b>7,360,060</b>

### **Commitment**

The Company entered into a cost sharing agreement dated October 1, 1997 and amended November 1, 2003 to reimburse a company under common control for a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses referred to above. The agreement may be terminated with one month notice by either party.

### **Internal Controls Over Financial Reporting**

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company assessed the design of the internal controls over financial reporting as at January 31, 2007 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company

because of limitations in size and number of staff. The Company believes it has taken initial steps to mitigate these risks by consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting that occurred during the quarter ended April 30, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Subsequent Events**

Subsequent to April 30, 2007, there have been 41,500 stock options exercised for proceeds of \$40,640 and 32,000 warrants exercised for proceeds of \$38,400.