

**BRALORNE GOLD MINES LTD.**  
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**Q3 INTERIM FINANCIAL STATEMENTS**  
**FOR PERIOD ENDING OCTOBER 31, 2005**

**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>October 31, 2005</b>	<b>January 31, 2005</b>
	\$ (Unaudited)	\$ (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	432,253	602,274
Accounts receivable and prepaid expenses	24,729	130,505
Inventory	876,827	160,176
Taxes recoverable	16,880	97,442
Share subscription receivable	2,400	16,400
	1,353,089	1,006,797
<b>Due from related parties</b>	8,666	8,916
<b>Mineral property</b>	13,677,215	10,714,762
<b>Equipment</b>	33,286	39,562
<b>Restricted cash</b>	115,000	115,000
	<b>15,187,256</b>	<b>11,885,037</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	85,263	659,944
Due to related parties	126,783	83,929
	212,046	743,873
<b>Site restoration obligation</b>	115,000	115,000
	327,046	858,873
<b>SHARE CAPITAL AND DEFICIT</b>		
<b>Share subscriptions received in advance</b>	-	1,102,025
<b>Share capital</b>	21,385,766	15,971,088
<b>Contributed surplus</b>	2,504,453	2,405,253
<b>Deficit</b>	(9,030,009)	(8,452,202)
	14,860,210	11,026,164
	<b>15,187,256</b>	<b>11,885,037</b>

**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)

	Three Months ended October 31,		Nine Months ended October 31,	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>General and administrative expenses</b>				
Administration services	1,164	6,504	12,717	13,084
Amortization	1,968	3,090	6,276	5,212
Automobile expense	5,153	8,884	13,698	16,861
Consulting	14,214	19,350	52,566	50,975
Interest	-	-	769	291
Listings and filing fees	521	2,549	40,031	17,281
Office, occupancy and miscellaneous	25,315	14,062	91,913	32,699
Professional fees	-	35,441	49,399	79,138
Salaries and benefits	17,267	45,120	63,843	88,102
Shareholder information	7,141	37,738	100,052	117,129
Stock-based compensation	-	113,525	99,200	146,305
Transfer fees	796	6,797	6,927	15,445
Travel and accommodation	13,241	5,848	60,388	70,703
	86,780	298,908	597,779	653,225
<b>Operating loss</b>	(86,780)	(298,908)	(597,779)	(653,225)
<b>Other income</b>				
Interest income	8,667	12,892	19,532	52,670
Foreign exchange gain (loss)	-	(5,608)	440	9,690
<b>Loss for the period</b>	(78,113)	(291,624)	(577,807)	(590,865)
<b>Deficit, beginning of period</b>	(8,951,896)	(8,034,009)	(8,452,202)	(7,734,768)
<b>Deficit, end of period</b>	(9,030,009)	(8,325,633)	(9,030,009)	(8,325,633)
<b>Loss per share</b>	\$(0.01)	\$(0.05)	\$(0.08)	\$(0.11)
<b>Weighted average number of common shares outstanding</b>	7,675,320	5,439,747	6,973,638	5,394,616

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

	<b>Three Months ended</b>		<b>Nine Months ended</b>	
	<b>October 31,</b>		<b>October 31,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Loss for the period	(78,113)	(291,624)	(577,807)	(590,865)
Adjustments for items not involving cash:				
Amortization	1,968	3,090	6,276	5,212
Stock-based compensation expense	-	113,525	99,200	146,305
	(76,145)	(175,009)	(472,331)	(439,348)
Changes in non-cash working capital:				
Accounts receivable	434	(24,355)	105,776	(8,460)
Inventory	(792,802)	-	(716,651)	-
Taxes recoverable	62,835	(61,467)	80,562	(37,558)
Share subscription receivable	30,000	-	14,000	12,000
Accounts payable and accrued liabilities	(113,261)	(11,066)	(547,995)	10,148
	(888,939)	(271,897)	(1,536,639)	(463,218)
<b>Cash flows used in investing activities</b>				
Deferred exploration expenditures	(648,309)	(1,593,542)	(3,657,981)	(3,977,049)
Mine and plant buildings and equipment	-	-	(181,299)	(31,077)
Gold and silver inventory value prior to commencement of commercial production	792,802	-	876,827	-
	144,493	(1,593,542)	(2,962,453)	(4,008,126)
<b>Cash flows from (used in) financing activities</b>				
Share subscriptions receivable	-	-	(1,102,025)	(799,108)
Funds advanced to related parties, net	77,795	22,927	16,418	(30,821)
Issuance of common shares, net	(30,000)	37,713	5,414,678	2,387,393
	47,795	60,640	4,329,071	1,557,464
<b>Increase (decrease) in cash and cash equivalents</b>	(696,651)	(1,804,799)	(170,021)	(2,913,880)
<b>Cash and cash equivalents, Beginning of period</b>	1,128,904	2,981,505	602,274	4,090,586
<b>Cash and cash equivalents, End of period</b>	432,253	1,176,706	432,253	1,176,706

**BRALORNE GOLD MINES LTD.**

Notes to Interim Financial Statements

October 31, 2005

(Unaudited – Prepared by Management)

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**1. Nature of Operations**

Bralorne Gold Mines Ltd. ("Bralorne"), formerly Bralorne-Pioneer Gold Mines Ltd. is incorporated under the laws of the Province of British Columbia. The Company is a development stage enterprise owning a 100% interest in a mineral property in British Columbia, Canada. It is in the process of developing its mineral property interest and has not yet determined whether this property contains ore reserves that are economically recoverable. At July 31, 2005 the Company is continuing with its bulk sample testing, and accordingly defers all costs incurred, net of recoveries, during this stage in its development.

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

The Company has positive working capital of \$1,141,043 at October 31, 2005. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to maintain its existence is dependent upon its success in obtaining new equity until such time as a self-sustaining level of production is attained. Realization values may be substantially different from carrying values, as shown in the financial statements, should the Company be unable to continue as a going concern.

**2. Basis of Presentation**

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, 2005. 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 nine month period ended October 31, 2005 are not necessarily indicative of the results that can be expected for the year ended January 31, 2006.

**3. Comparative figures**

Certain of the comparative figures for 2004 have been reclassified, where applicable, to confirm to the presentation adopted for the current year.

**4. Mineral Properties**

At October 31, 2005 the Company continues its bulk sample testing from its Bralorne Property. The Company will defer all costs incurred, net of recoveries during the bulk sampling stage.

The following is a summary of mineral property expenditures for the Bralorne Property for the nine months ended October 31, 2005:

Mineral property as at January 31, 2005	<u>\$ 10,714,762</u>
Mine and plant building and equipment	181,299
Assays	166,915
Camp operations	141,784
Field office	73,354
General exploration	1,095,102
Mine power	80,972
Mill operating	298,854
Underground exploration and mill-feed	1,780,419
Tailings pond	4,636
Taxes & permits	<u>15,945</u>
Increase in deferred expenditures	3,839,280
Deduct:	
Concentrate and gold dore inventory value	(874,574)
Silver inventory value	<u>(2,253)</u>
Mineral property as at October 31, 2005	<u>\$ 13,677,215</u>

**5. Share Capital**

(a) Authorized      Unlimited common shares without par value

(b) Issued

	<u>Shares</u>	<u>Amount</u>
Balance, January 31, 2005	5,537,122	\$ 15,971,088
For cash:		
Private placements, net of share issuance costs of \$384,447	2,132,736	5,410,678
Exercise of stock options	12,000	24,000
Balance, April 30, 2005	7,681,858	21,405,766
For cash:		
Exercise of stock options	5,000	10,000
Balance, July 31, 2005	7,686,858	21,415,766
Return to treasury	<u>(11,538)</u>	<u>(30,000)</u>
Balance, October 31, 2005	<u>7,675,320</u>	<u>\$ 21,385,766</u>

**5. Share Capital (continued)**

(c) Private Placements

During the three months ended April 30, 2005, the Company completed a non-brokered private placement of 625,041 units at a price of \$3.00 per unit. Each non-flow-through unit comprised one common share and one non-transferable share purchase warrant to purchase one common share at \$3.25 until February 8, 2007. Each flow-through unit comprised one common share and one non-transferable share purchase warrant to purchase half of one common share at \$3.25 until February 8, 2007. In connection with this offering, the Company paid cash of \$103,047 as Finders' fees.

During the three months ended April 30, 2005, the Company completed a non-brokered private placement of 1,000,000 units at a price of \$2.60 per unit. Each unit comprised one common share and one non-transferable share purchase warrant to purchase one common share at \$3.00 until April 26, 2010. In connection with this offering, the Company paid cash of \$195,000 as Finders' fees.

During the three months ended April 30, 2005, the Company completed a non-brokered private placement of 507,695 units at a price of \$2.60 per unit. Each non-flow-through unit comprised one common share and one non-transferable share purchase warrant to purchase one common share at \$3.00 until April 26, 2010. Each flow-through unit comprised one common share and one non-transferable share purchase warrant to purchase half of one common share at \$3.00 until April 26, 2010. In connection with this offering, the Company paid cash of \$83,400 as Finders' fees.

(d) As at October 31, 2005, the following share purchase warrants were outstanding:

Number of Underlying Shares	Exercise Price	Expiry Date
389,887	\$3.70	November 10, 2005
100,000	\$3.75	November 28, 2005
750,935	\$5.50	December 15, 2005
152,300	\$8.30	January 9, 2006
143,400	\$8.60	May 4, 2006
505,284	\$3.25	February 8, 2007
470,193	\$3.00	April 26, 2010
<u>1,000,000</u>	<u>\$3.00</u>	<u>April 26, 2010</u>
 <u>3,511,999</u>		

During the period the expiry date of the warrants expiring April 26, 2007 was extended to April 26, 2010.

**5. Share Capital** (continued)

- (e) During the three months ended April 30, 2005, the Company granted 52,000 stock options to directors, officers and employees of the Company at an exercise price of \$3.00 per share. These stock options vested immediately and expire over 5 years. The Company recorded a total of \$99,200 for stock based compensation expense in the period. During the three months ended July 31, 2005 and three months ended October 31, 2005, there were no stock options granted by the Company.

A summary of the stock options granted and exercised at the period ended October 31, 2005 is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2005	575,500	\$4.33
Granted	52,000	3.00
Exercised	(12,000)	2.00
Cancelled	(89,500)	4.44
Balance, April 30, 2005	526,000	\$4.26
Exercised	(5,000)	2.00
Balance, July 31, 2005	521,000	\$4.28
Cancelled	(5,000)	\$4.91
Balance, October 31, 2005	516,000	\$4.28

The fair value of each option granted has been estimated as of the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk-interest rate of 3.0%, dividend yield 0%, volatility of 97.64% and expected lives of 3 years. A summary of weighted average fair value of stock options granted at the period ended April 30, 2005 is as follows:

	Weighted Average Exercise Price	Weighted Average Fair Value
Stock options granted	\$ 3.00	\$1.94

**5. Share Capital (continued)**

A summary of stock options outstanding and exercisable at the period ended October 31, 2005 is as follows:

Range of Exercise Prices	Number Outstanding	Weight Average Remaining Contractual Life (yr)	Weighted Average Exercise Price
\$2.01 - \$3.00	158,500	2.81	\$2.38
\$3.01 - \$4.00	74,000	3.18	\$3.29
\$4.01 - \$5.00	-	-	-
\$5.01 - \$6.00	283,500	3.22	\$5.59
	516,000	3.09	\$4.28

**6. Related Party Transactions**

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

- a) During the period ended October 31, 2005, the Company paid, or made provision for the future payment, of the following amounts to related parties:
  - i) \$142,662 for administrative expenses to a private Company beneficially owned by the Company and a number of other public companies related through common Directors;
  - ii) \$45,000 to two private companies controlled by Directors for management fees;
  - iii) \$54,000 to a private company controlled by a Director for general mine management;
  - iv) \$2,500 in fees to a private company controlled by a former Officer for accounting and corporate services.
  - v) \$2,000 to a private company controlled by a Director for consulting services.
- b) The Company was billed \$582,352 in drilling expenses from a private drilling company in which Bralorne has a 20% interest. The remaining 80% interest is owned by public companies having common directors. The drilling company reimbursed Bralorne \$135,131 for supplies, equipment rentals, and administrative expenses incurred.
- c) Due from related parties consists of \$3,146 and \$5,520 from two public companies with common management and common directors.
- d) Due to related parties consists of \$55,389 to a private Company referred to in 6.a) i) above; \$43,396 to four private companies controlled by Directors; and \$27,998 to a company with common management and common directors.

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

**BRALORNE GOLD MINES LTD.**

Notes to Interim Financial Statements

October 31, 2005

(Unaudited – Prepared by Management)

**7. Commitment**

The Company entered into an Investor Relations Agreement with Investor Relations Services Group John Mullen & Partners (“IRS”) to provide investor relations services in Europe. The Company will pay \$1,500 per month for twelve months with the agreement being effective July 1, 2005.

**8. Subsequent Events**

Subsequent to the quarter end, the Company announced the following non-brokered private placements:

- (a) Up to 1,304,347 units at a price of \$1.15 per unit, each unit consisting of one flow-through share and one non-transferable non flow-through share purchase warrant. Each flow-through share will entitle the investor to the tax benefits of the qualifying Canadian exploration expenses incurred by the Company, which will be “flowed-through” to the investor. Each warrant will entitle the investor to purchase one additional non flow-through common share at an exercise price of \$1.20 per share for two years from the date of closing.
- (b) Up to 1,666,667 units at a price of \$0.90 per unit which is \$1.10 less a discount of approximately 20% (the “Non Flow-Through Offering”), each unit consisting of one common share and one non-transferable share purchase warrant. Each warrant under the Non Flow-Through Offering will entitle the investor to purchase one additional share at an exercise price of \$1.20 for two years from the date of closing.
- (c) Up to 2,000,000 units at a price of \$0.90 per unit, each unit consisting of one common share and one non-transferable share purchase warrant. Each warrant will entitle the investor to purchase one additional share at an exercise price of \$1.20 for two years from the date of closing.
- (d) Up to 433,333 units at a price of \$1.20 per unit, each unit consisting of one flow-through share and one non-transferable non flow-through share purchase warrant. Each flow-through share will entitle the investor to the tax benefits of the qualifying Canadian exploration expenses incurred by the Company, which will be “flowed-through” to the investor. Each warrant will entitle the investor to purchase one additional non flow-through common share at an exercise price of \$1.25 per share for two years from the date of closing.

The net proceeds of the offerings will be used for additional exploration and development work on the Company's mining properties and for general working capital requirements.

The following discussion and analysis of the operations, results, and financial position of Bralorne Gold Mines Ltd. (the "Company") for the quarter ended October 31, 2005 should be read in conjunction with the October 31, 2005 interim financial statements and the related notes. The effective date of this Management Discussion and Analysis is December 28, 2005. 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 eight 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 in the past approximately 4 million ounces of gold over 40 years in the historic Bralorne gold camp of British Columbia.

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.Geol. 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.Geol. of Gibsons, B.C. (the "St. Clair Dunn Report") and "Bralorne Mine Gold Deposit" dated September 2005, prepared by Beacon Hill Consultants (1988) Ltd. are available at [www.sedar.com](http://www.sedar.com).

The Property consists of 154 Crown granted mineral claims, ten freehold parcels of land, five reverted Crown granted claims, four located mineral claims and two placer leases that includes the former Bralorne-Pioneer gold mine in the historic Bridge River gold mining camp of southwest British Columbia. The entire Bralorne-Pioneer Mine Property covers approximately 2422 hectares. The Property is located 160 kilometres due north of Vancouver, British Columbia.

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**

During the third quarter, the Company received a preliminary assessment report from Beacon Hill Consultants (1988) Ltd.

The report estimated a measured resource at Bralorne of 14,000 tonnes grading 12 grams (0.384 oz) per tonne Au and inferred resources of 125,300 tonnes grading 14.09 grams (0.451 oz) per tonne Au. These figures meet the National Instrument 43-101 criteria for resource calculation.

Beacon Hill also stated: "The narrow-vein, high-grade gold mines cannot, by their very nature, sustain a large resource inventory and generally, many of these mines operate very profitably for many years having only one to two years of known resources/reserves ahead of them."

Beacon Hill indicated a resource of 500,000 tonnes grading 12 grams (0.384 oz) per tonne Au should be established for a viable mining operation at 280 tonnes per day. The Company has available a seven-by-10-foot ball mill c/w 300-HP motor, which is currently stored in the yard at the plant site. The Company also has available to it a large number of Wemco flotation cells, which will enable the mill to operate at the recommended tonnage. The Company noted: "there is potential for additional resources to be established as mining continues, thus increasing the life of the mine."

The preliminary assessment report identified four key areas of the Bralorne property that remain under-explored, and recommended a \$1.5-million drill program.

- the gap between the King and Bralorne mines (where Bralorne explored earlier in 2005.) Beacon Hill has recommended a series of four drill holes to test projected structures. The report noted: "This is the first time in the history of the Bralorne mining camp that all of the major deposits have been held by the same company. Historically, significant parts of the deposits, particularly the gap between the Bralorne and Pioneer mine, were not explored or developed because they were not owned by either of the operating companies. It has been a major accomplishment of the management of the company to acquire all of the claims that cover the most significant deposits in the camp;"
- the Empire fault north of the 59 vein. An MMI geochemical survey has been recommended to investigate this area;
- area east of the Fergusson fault. The report notes this entire area warrants further exploration; and
- the Bralorne-Pioneer Gap. A 1,000-metre shallow dipping hole is planned to test the gap between the historic Pioneer and Bralorne mine from surface to the area of the 800 haulage level.

The Company has adopted the new mining plan as recommended by the preliminary assessment report by Beacon Hill Consultants (1988) Ltd. dated September 2005.

Digitization and compilation of large amounts of historical and current data to digital format for 3-D modelling have been continuing since April 2005. Completion, expected later this year, should provide a model on which a five-year development plan can be produced.

From August, 2003, to the present, Bralorne has invested more than \$6-million in capital and operating expenditures to bring the project to its current stage of development. As a result, the facility now includes an operating mill, tailings dam with a five-year design life, assay laboratory, new mine dry, mine equipment (including scoops, ventilation fans, electric air compressors, generators, excavator, dump truck and hydraulic jumbo).

From early August, 2005 to September 15, 2005, the mill processed 2,875 tons of ore, recovering 706 ounces of gold. The Company has poured several dore bars from gravity concentrate produced in August for immediate cash flow. A shipment of 200 tons of flotation concentrate was delivered to Barrick Goldstrike Mine Inc. in Carlin, Nevada with a similar 100 tons which followed in early November.

### **Results of Operations**

#### **Three months ended October 31, 2005 compared with the three months ended October 31, 2004**

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

General and administrative expenses totaled \$86,780 for the quarter ended October 31, 2005 compared with \$298,908 for the quarter ended October 31, 2004, a decrease of \$212,128. Approximately half of the decrease is due to stock based compensation of \$113,525 that was recorded in the quarter ended October 31, 2004 compared to nil recorded in the quarter ended October 31, 2005. The remaining difference was due to decreases in all costs except for office, occupancy and miscellaneous expenses and travel and accommodation costs during the quarter. Most notably, there were decreases of \$35,441, \$27,853, \$30,597, and \$6,001 in professional fees, salaries and benefits, shareholder information, and transfer fees respectively. The salaries and benefits expense was higher in the quarter ended October 31, 2004 because of bonuses and workers compensation insurance premiums that were not recorded in the quarter ended October 31, 2005. The higher office costs were primarily due to insurance premiums being charged to the quarter ended October 31, 2005 period and not in the quarter ended October 31, 2004. Shareholder information expenses were significantly higher in the quarter ended October 31, 2004 due to costs associated with production of the annual report and extra promotional items that were recorded in that period but not in the quarter ended October 31, 2005. Travel costs were higher in the quarter ended October 31, 2005 as a result of personnel travelling to Europe to attend industry conferences and meet with potential investors in an effort to raise capital.

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

Loss for the quarter ended October 31, 2005 was \$78,113 compared with a loss of \$291,624 for the quarter ended October 31, 2004, a decrease of \$213,511. The primary reasons for the decrease are the same as those referred to above for general and administrative expenses. Interest revenue had decreased by \$4,225 in the quarter ended October, 2005 but this was offset by a higher foreign exchange loss of \$5,608 in the quarter ended October 31, 2004. The lower interest revenue during the quarter was due to less cash invested in guaranteed investment certificates. There were no other extraordinary items in either period.

#### **Nine months ended October 31, 2005 compared with the nine months ended October 31, 2004**

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

General and administrative expenses totalled \$597,779 for the nine months ended October 31, 2005 with a comparative expense of \$653,225 for the nine months ended October 31, 2004, a decrease of \$55,446. The overall decrease was primarily due to decreases of \$29,739, \$24,259 and \$47,105 in professional fees, salaries and benefits and stock based compensation respectively. Offsetting these lower costs is office costs which increased to \$91,913 in the nine months ended October 31, 2005 compared to \$32,699 in the nine months ended October 31,

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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2004. This large increase in office costs was due to annual insurance premiums that were recorded in the current period but not the nine months ended October 31, 2004. Listing and filing fees were \$22,750 higher in the nine months ended October 31, 2005 due to private placement fees and fees associated with the upgrading to Tier 1 status on the Toronto Venture Stock Exchange.

***Loss for the period***

Loss for the nine months ended October 31, 2005 was \$577,807 compared with a loss of \$590,865 for the nine months ended October 31, 2004, for a decrease of \$13,058. Higher interest income of \$52,670 in the nine months ended October 31, 2004 compared to \$19,532 in the nine months ended October 31, 2005 along with higher foreign exchange gains of \$9,690 in the nine months ended October 31, 2004 compared to \$440 in the nine months ended October 31, 2005 had offset a significant portion of the \$55,446 decrease in loss after general and administrative expenses. There were no other extraordinary items recorded in either period.

**Summary of Quarterly Results**

Period ended	Oct 31 2005 Q3	Jul 31 2005 Q2	Apr 30 2005 Q1	Jan 31 2005 Q4	Oct 31 2004 Q3	Jul 31 2004 Q2	Apr. 30 2004 Q1	Jan. 31 2004 Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Net Loss	(78,113)	(211,007)	(288,687)	(126,569)	(291,624)	(142,789)	(123,672)	(2,359,871)
Loss per Share	(0.01)	(0.03)	(0.05)	(0.02)	(0.07)	(0.03)	(0.02)	(0.10)

The general trend up to the quarter ending July 31, 2005 has been an increase in overall expenses because of the increase in exploration activities, the start up of the mill in March 2004, the associated support staff, and efforts to promote company awareness and raise funds through private placements. The most recent quarter ending October 31, 2005 experienced a reduction in exploration activities and the subsequent reduction in general and administrative requirements. While these costs were being reduced, efforts were being made to investigate and secure additional financing.

As of January 1, 2004 the Company is required to record the fair value of stock options granted to employees and non-employees whereas prior to that time only non-employee stock options were applicable. The quarters that stock-based compensation significantly impacts are Q4-January 31, 2004 for \$2,158,050, Q3-October 31, 2004 for \$113,525 and Q1-April 30, 2005 for \$99,200.

**Liquidity**

The Company has accrued \$3,839,280 in the nine months ended October 31, 2005 on mineral exploration on its Bralorne Property. A new exploration and development program has been underway since early December 2003 and currently there is limited exploration and development taking place. The mill had shut down during the previous quarter while this work, along with environmental studies and compliance measures, continues.

At this time the Company has no operating revenues, and does not anticipate any operating revenues until the Company has reached its "Commercial" stage upon completion of its "Bulk Sampling" stage. Once commercial production is consistent the Company will be recording

revenues. At the present time the Company applies any income as a recovery of costs expended on its exploration program.

At October 31, 2005, the Company has \$876,827 worth of gold concentrate, gold dore bars, and silver in inventory.

At October 31, 2005, the Company had working capital of \$1,141,043 and cash and cash equivalents of \$432,253. The Company has sufficient cash on hand at this time to finance the limited exploration work on its mineral properties and maintain administrative operations. Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will likely 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.

There have been no material changes in the Company's contractual obligations since its latest fiscal year end, January 31, 2005.

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

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

#### **Transactions with related parties**

During the nine months ended October 31, 2005, the Company paid, or made provision for the future payment, of the following amounts to related parties:

- i) \$142,662 for administrative expenses to a private Company beneficially owned by the Company and a number of other public companies related through common Directors;
- ii) \$45,000 to two private companies controlled by Directors for management fees;
- iii) \$54,000 to a private company controlled by a Director for general mine management;
- iv) \$2,500 in fees to a private company controlled by a former Officer for accounting and corporate services; and
- v) \$2,000 to a private company controlled by a Director for consulting services.

The Company was billed \$582,352 in drilling expenses from a private drilling company in which Bralorne has a 20% interest. The remaining 80% interest is owned by public companies having common directors. The drilling company reimbursed Bralorne \$135,131 for supplies, equipment rentals, and administrative expenses incurred.

Amounts due from related parties consist of \$3,146 and \$5,520 from two public companies with common management and common directors.

Amounts due to related parties consists of \$55,389 to a private Company referred to in item i) above; \$43,396 to four private companies controlled by Directors; and \$27,998 to a company with common management and common directors.

**Disclosure of Management Compensation**

During the quarter, \$18,000 was paid to the President for his services as director and officer of the Company; \$7,500 was paid to the V.P., Finance for his services as director and officer of the Company; \$7,500 was paid to the V.P., Operations for his services as director and officer of the Company; and \$3,443 was paid to the Secretary for her services as an officer of the Company.

**Critical Accounting 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 period. Actual results may differ from those estimates.

**Financial Instruments**

The Company's financial instruments include cash, accounts and advances receivable and prepaid expenses, taxes recoverable, share subscriptions receivable, accounts payable and amounts due from and to related parties. The carrying values of these instruments approximate their fair values.

The Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

**Changes in Accounting Policies**

None.

**Outstanding Share Data**

At October 31, 2005 there were 7,675,320 common shares issued and outstanding.

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

Summary of management incentive options outstanding is as follows:

<b>Exercise Price Per Share</b>	<b>Expiry Date</b>	<b>Number of Shares Remaining Subject to Options</b>
\$2.50	September 25, 2006	6,000
\$2.00	December 17, 2007	88,500
\$2.50	December 17, 2007	12,000
\$3.30	September 25, 2008	54,000
\$5.20	September 25, 2008	6,000
\$5.60	January 20, 2009	276,000
\$5.80	January 20, 2009	1,500
\$3.25	October 6, 2009	20,000
\$3.00	February 28, 2010	42,000
\$3.00	March 1, 2010	10,000
		<b>516,000</b>

Summary of warrants outstanding is as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Underlying Shares</b>
\$3.70	November 10, 2005	389,887
\$3.75	November 28, 2005	100,000
\$5.50	December 15, 2005	750,935
\$8.30	January 9, 2006	152,300
\$8.60	May 4, 2006	143,400
\$3.25	February 8, 2007	505,284
\$3.00	April 26, 2010	470,193
\$3.00	April 26, 2010	1,000,000
		<b>3,511,999</b>

### **Commitment**

The Company entered into an Investor Relations Agreement with Investor Relations Services Group John Mullen & Partners ("IRS") to provide investor relations services in Europe. The Company will pay \$1,500 per month for twelve months with the agreement being effective July 1, 2005.

### **Subsequent Events**

Subsequent to the quarter end, the Company announced the following non-brokered private placements:

- (a) up to 1,304,347 units at a price of \$1.15 per unit, each unit consisting of one flow-through share and one non-transferable non flow-through share purchase warrant. Each flow-through share will entitle the investor to the tax benefits of the qualifying Canadian exploration expenses incurred by the Company, which will be "flowed-through" to the investor. Each warrant will entitle the investor to purchase one additional non flow-through common share at an exercise price of \$1.20 per share for two years from the date of closing.
- (b) up to 1,666,667 units at a price of \$0.90 per unit which is \$1.10 less a discount of approximately 20% (the "Non Flow-Through Offering"), each unit consisting of one common share and one non-transferable share purchase warrant. Each warrant under the Non Flow-Through Offering will entitle the investor to purchase one additional share at an exercise price of \$1.20 for two years from the date of closing.
- (c) up to 2,000,000 units at a price of \$0.90 per unit, each unit consisting of one common share and one non-transferable share purchase warrant. Each warrant will entitle the investor to purchase one additional share at an exercise price of \$1.20 for two years from the date of closing.
- (d) up to 433,333 units at a price of \$1.20 per unit, each unit consisting of one flow-through share and one non-transferable non flow-through share purchase warrant. Each flow-through share will entitle the investor to the tax benefits of the qualifying Canadian exploration expenses incurred by the Company, which will be "flowed-through" to the investor. Each warrant will entitle the investor to purchase one additional non flow-through common share at an exercise price of \$1.25 per share for two years from the date of closing.

The net proceeds of the offerings will be used for additional exploration and development work on the Company's mining properties and for general working capital requirements.