

CHAPLEAU RESOURCES LTD.
For the period ended August 15, 2006
Unaudited – Prepared by Management

SUPPLEMENTARY INFORMATION

1. Analysis of expenses and deferred costs:

See “Consolidated Statements of Operations and Deficit” of the Interim Financials ended August 15, 2006.

2. Related party transactions:

During the three months ended August 15, 2006 management fees of \$22,500 were paid to two directors.

3. Summary of Securities issued and options granted during the period:

(a) Summary of securities issued during the period.

# of Common Shares	Type	Date	Price
50,000	Option Payment	June 6/06	\$0.55
50,000	Options Exercised	June 8/06	\$0.30
400,000	Options Exercised	August 11/06	\$0.30

(b) Summary of Options granted during period.

Optionee	Number of Options	Exercise Price	Expiry Date
N/A	0	N/A	N/A

(c) Summary of warrants granted during period.

# of Warrants	Type	Expiry Date	Price
0	N/A	N/A	N/A

4. Summary of securities as at the end of the reporting period:

(a) *Description of Shares Issued*

50,000 common shares were issued with regard to the Los Suenos property option and 450,000 common shares were issued with regard to stock options exercised. See Note 6 to Interim Financials ended August 15, 2006.

(b) *Common shares issued and outstanding*

At August 15, 2006 there were 76,623,900 common shares of Chapleau Resources Ltd. issued and outstanding with a value of \$30,908,990.

(c) *Description of warrants*

At August 15, 2006 there were 12,986,664 outstanding warrants. See Note 8 to Interim Financials ended August 15, 2006.

(d) Description of options

At August 15, 2006 there were 13,410,000 outstanding stock options. See Note 7 to Interim Financials ended August 15, 2006.

(e) Shares subject to escrow and pooling

Nil

5. Names of Directors and officers:

Jim Stypula/CEO&Director
Eric Wiltzen/President&CFO&Director
Allan Rella/Chairman&Director
Dr. Ted Urquhart/Director
Robert Hunziker/Director
Paul Reinhart/Vice President

Management Discussion & Analysis

Date

This MD&A refers to material information regarding the **May 16, 2006 to August 15, 2006** first quarter of Chapleau Resources Ltd. and was prepared October 11, 2006.

Overall Performance

During the quarter ended August 15, 2006 the Company spent \$529,691 on its exploration activities.

During the quarter the Company had a gain of \$253,746 from the sale of investments.

At the end of the quarter the Company held shares of Far West Mining (FWM: TSX - Venture) with a market value of \$15,816,170.

Results of Operations

Chapleau Resources Ltd. has no sales and earns no revenues. Raising capital through sales of shares and warrants funds Chapleau's mining exploration operations.

Summary of Quarterly Results to August 15, 2006

Description	Nov15/04	Feb 15/05	May15/05	Aug 15/05	Nov15/05	Feb 15/06	May15/06	Aug 15/06
	\$	\$	\$	\$	\$	\$	\$	\$
Sales/Revenue	0	0	0	0	0	0	0	0
Income/(Loss)	(2,899,751)	141,589	(1,630,590)	150,638	(1,256,800)	(297,045)	896,789	155,206
Net loss per share Basic & diluted	0.050	0.002	0.023	0.023	0.040	0.00	0.012	0.002

Chapleau Resources Ltd. has no sales and earns no revenues. Raising capital through sales of shares and warrants funds Chapleau Resources Ltd's mining exploration operations.

The net gain for the quarter was \$155,206 or a \$0.002 gain per share, basic and diluted.

Total assets to August 15, 2006 were \$10,244,782.

Chapleau Resources Ltd. has no long term financial liabilities and no cash dividends per share.

Management fees of \$22,500 were paid for the quarter to two directors, Jim Stypula and Eric Wiltzen, pursuant to management contracts. The Company recognizes the expertise of these two individuals and wishes to retain their services on a continuing basis.

During the quarter, no warrants were issued and no warrants were exercised. During the quarter no warrants expired.

During the quarter, no stock options were granted and 450,000 were exercised for proceeds of \$135,000.

Chapleau Resources Ltd. issued 500,000 common shares during the quarter regarding Los Suenos property agreement (50,000 shares) and 450,000 shares for stock options exercised.

As of August 15, 2006, there were 76,623,900 shares issued and outstanding with a value of \$30,908,990.

The Company announced, on May 25, 2006, that it optioned a 100% interest in the 10,000 ha Los Suenos claim block in the state of Mato Grosso, Brazil.

The Company will immediately commence a mapping and sampling program to further evaluate the gold potential on the claim block.

This agreement increases the company's land holdings in Brazil to over 40,000 ha.

Respecting the San Javier Gold Project in Bolivia, a 1465 meter - Fourteen (14) hole diamond drilling program was completed in April 2006 and final assay results received in June. The drill program was designed to test the extent of gold mineralization within poorly exposed one (1) meter to five (5) meter wide quartz and iron oxide vein structures identified by previous drilling in the Guapurutu target area by Jordex Resources in 1997-1998, Don Wong Corporation in 2001, Frontier Pacific in 2003 and also within pits and trenches on five additional soil geochemical gold anomalies identified by Chapleau in 2005.

Results obtained from the San Javier drill program together with the uncertainty with respect to changes in the mineral and energy laws of Bolivia has led to Chapleau closing down further exploration activities in the country. Gold and copper exploration in South America will now be focused on projects in Brazil and Argentina.

On August 8, 2006 the Company announced that it acquired two Coringa mining claims, totalling 20,000 ha, located in the Tapajos District in the state of Para in north-central Brazil. The two mining claims are immediately south of the 10,000 ha Mato Velho claim and 1,000 km north of the city of Cuiaba. This acquisition increases the number of Chapleau's exploration projects to five, totaling approximately 66,000 ha, in the highly prospective Tapajos-Alta Floresta gold district of Brazil.

The Coringa claims have been worked for gold by local miners since the late 1980's. Most of the historic gold workings on six of the currently identified quartz vein structures, within sheared, veined and hydrothermally altered granite/granodiorite host rock, are less than 20 m deep. The Mae de Leite vein structure is currently being worked

by artisanal miners to a depth of approximately 70 m. The vein structures with known gold workings on them extend along strike length from 100 m to 3,000 m. Like Mato Velho, the gold-bearing quartz veins are variably associated with pyrite, chalcopyrite, sphalerite and galena and vary in width from 30 cm to approximately 3 m.

Stockwork quartz veining within a granitic host rock was also seen and sampled. The two rock samples taken from this material returned 18.35g/t gold with 17.30g/t silver (sample 35006) and 22.00g/t gold with 67.10g/t silver (sample 35014). The majority of the veins and stockworked granite have not been explored or mined beneath the zone of oxidation and no known or reported drilling of any of the historic workings has taken place to date.

Subsequent to the quarter end:

The Company completed a sixteen (16) hole reverse circulation (RC) drill program totaling 2,970 m on the La Pampa Iron Oxide Copper-Gold Project in Argentina. Five (5) of the eight (8) Priority 1, seven (7) of the eleven (11) Priority 2 and two (2) of the twenty-seven (27) Priority 3 gravity targets identified from the 6,440 line km Falcon™ Airborne Gravity Gradiometer (AGG) survey (see press release of October 6, 2005) were tested. Ten (10) of the sixteen (16) RC drillholes penetrated the overburden of younger Quaternary/Tertiary age sediments and volcanics and intersected weakly altered andesites and volcanic tuffs and/or granodiorite at depths ranging from 0.0 m in AR_LPM_RC11 to 126.0 m in AR_LPM_RC12. Gold values reported for the weakly altered volcanics within the sixteen (16) RC holes were below detection (0.01g/t), with narrow 2.0 m to 10.0 m intervals of anomalous copper values (100.0 ppb to 662.0 ppb copper range) in AR_LPM_RC01 and AR_LPM_RC04.

The Falcon™ Airborne Gravity Gradiometer (AGG) data and the drill results are being re-evaluated to improve target selection for Phase 2 drilling on the remaining twenty-seven (27) gravity anomalies within the 275,480 hectare tenement holding.

The Falcon™ Airborne survey was flown as part of the CHAPLEAU - BHP BILLITON agreement to explore for IOCG deposits in central western Argentina (see press release of January 27th, 2004). Under the terms of the agreement Chapleau has, to date, earned a 70% interest in the La Pampa project by completing the required expenditure of US\$1,000,000. The Joint Venture committee will now be set-up for future project work.

Liquidity

Management of Chapleau Resources Ltd. has demonstrated consistent ability to raise equity capital through various market conditions. At the end of the quarter, Chapleau Resources Ltd. had \$620,205 cash on hand.

Management anticipates that they can continue to raise funds required for further exploration of their properties, however, the junior resource market is very volatile and it

is always possible that funds cannot be raised. The Company had accounts payable of \$80,674 as at August 15, 2006.

The Company had liquid assets in the form of Far West Mining Ltd. shares in the amount of \$15,816,170.

Capital Resources

The only resources available to Chapleau Resources Ltd. to raise exploration funds are the equity markets.

Chapleau Resources Ltd. has no unfulfilled obligations on its properties at this time.

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

See Note 10 to the Financial Statements.

Proposed transactions

None

Share Data: 76,623,900 issued at August 15, 2006. Additional information relating to the Company is available on SEDAR @ www.sedar.com.