

# CHAPLEAU RESOURCES LTD.

For the period ended May 15, 2005  
Unaudited – Prepared by Management

## SCHEDULE B – SUPPLEMENTARY INFORMATION

### 1. Analysis of expenses and deferred costs:

See Consolidated Statements of Operations and Deficit to the Interim Financials in Schedule A.

### 2. Related party transactions:

See Note 7 to the Interim Financials in Schedule A

### 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
250,000	Option Payment	Feb. 24, 2005	\$0.435
200,000	Option Payment	March 7, 2005	\$0.35

(b) Summary of Options granted during period.

**NOTE: All previous outstanding options totaling 14,153,898 were cancelled.**

Optionee	Number of Options	Exercise Price	Expiry Date
Jim Stypula	3,500,000	\$0.30	April 22, 2015
Eric Wiltzen	3,500,000	\$0.30	April 22, 2015
Al Rella	1,000,000	\$0.30	April 22, 2015
Eric Friedland	1,400,000	\$0.30	April 22, 2015
Alan Carter	1,300,000	\$0.30	April 22, 2015
Bob Hunziker	300,000	\$0.30	April 22, 2015
Paul Reinhart	300,000	\$0.30	April 22, 2015
Kent Couillard	200,000	\$0.30	April 22, 2015
Dennis Moore	200,000	\$0.30	April 22, 2015
Owen Miller	200,000	\$0.30	April 22, 2015
Serguei Soloviev	100,000	\$0.30	April 22, 2015
Robin Sudo	120,000	\$0.30	April 22, 2015
Jerri-Pat Armstrong	40,000	\$0.30	April 22, 2015
	<b><u>12,160,000</u></b>	= TOTAL	

(c) Summary of warrants granted during period.

# of Warrants	Type	Expiry Date	Price
200,000	Property Option	March 6/06	\$0.35

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

*(a) Description of Shares Issued*

See Note 3 to Interim Financials in Schedule A.

*(b) Common shares issued and outstanding*

At May 15, 2005 there were 71,093,900 common shares of Chapleau Resources Ltd. issued and outstanding with a value of \$29,399,340.

*(c) Description of warrants*

See Note 5 to Interim Financials in Schedule A. 200,000 warrants were granted during the quarter. 737,500 warrants expired during the quarter.

# of Warrants	Type	Expiry Date	Price
5,000,000	Private Placement	Dec.2/07	\$0.50
714,285	Private Placement	Dec.31/05	\$0.95
71,428	Agent Warrant	Dec.31/05	\$0.95
3,496,664	Private Placement	Nov.4/06	\$0.50
200,000	Property Option	Mar.6/06	\$0.35

*(d) Description of options*

See Note 4 to Interim Financials in Schedule A. **Table above [3(b)] regarding options granted during period represents all outstanding options.**

*(e) Shares subject to escrow and pooling*

Nil

**5. Names of Directors and officers:**

Jim Stypula/CEO&Director  
Eric Wiltzen/President&Director  
Allan Rella/Chairman&Director  
Robert Hunziker/Director  
Paul Reinhart/Vice President  
Serguei Soloviev/Director

# Management Discussion & Analysis

## Date

This MD&A refers to material information regarding the **February 16, 2005 to May 15, 2005** second quarter of Chapleau Resources Ltd. and was prepared July 13, 2005.

## Overall Performance

To date, \$126,000 has been spent on an Airborne geophysical survey on the Horsefly property near Horsefly, B.C. Also, \$65,337 in tenure payments have been expensed on the La Pampa project in Argentina, S.A.

At the quarter ending, the Company had cash and term deposits of \$214,969 and had liquid assets in the form of shares of Far West Mining Ltd. in the amount of \$6,343,440.

## 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 May 15, 2005

Description	Aug 15/03 \$	Year End Nov15/03 \$	Feb 15/04 \$	May 15/04 \$	Aug 15/04 \$	Year End Nov15/04 \$	Feb 15/05 \$	May 15/05 \$
Sales/Revenue	0	0	0	0	0	0	0	0
Income/(Loss)	(261,975)	(888,959)	(290,278)	(460,944)	(253,235)	(3,613,930)	(141,589)	(1,772,179)
Net loss per share Basic & diluted	0.040	0.014	0.004	0.007	0.00	0.050	0.002	0.010

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 loss for the period was \$1,772,179 or a \$0.025 loss per share, basic and diluted.

Total assets to February 15, 2005 were \$7,943,165.

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

Management fees of \$45,000 were paid to 2 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.

No warrants were granted or exercised during the quarter.

No options were exercised during the quarter.

Due to restructuring of incentive stock options during the quarter, 14,153,898 outstanding options were cancelled and Chapleau Resources Ltd. issued 12,160,000 new options to its directors, officers, employees and consultants. Shareholder approval was granted for the new options on May 11, 2005.

Chapleau Resources Ltd. issued 450,000 common shares during the quarter and 200,000 warrants. 717,500 warrants expired during the quarter.

Chapleau Resources Ltd. announced February 24, 2005 it had entered into an agreement with Teck Cominco Argentina Ltda. ("TCAL") to acquire the Madryn Rift project, a large polymetallic property in Argentina. The project (approximately 104,000 hectares in size) is located in the eastern part of Chubut province in south-central Argentina, 45 km west of the city of Puerto Madryn.

Under the terms of the Agreement which have been approved by the TSX Venture Exchange, the Company can earn a 100% interest in the property, subject to a back-in right to TCAL, by spending US\$1,500,000 and issuing 400,000 units (each consisting of one Chapleau share and one share purchase warrant) over a period of 4 years. The agreement also calls for a minimum expenditure of US\$250,000 including 2,000 m of drilling in the first year. Upon Chapleau spending US\$3,000,000 on the project TCAL shall have a one time election to back-in for a 55% interest or retain a 2% net smelter returns royalty. If TCAL elects to back-in it must expend twice Chapleau's expenditures and make a placement in Chapleau equal to 10% of Chapleau's expenditures. If TCAL earns a 55% interest it may increase its interest to 65% by funding all work on the project to the completion of a feasibility study.

As of July 13, 2005 there were 71,093,900 shares issued and outstanding.

#### Subsequent Events:

Subsequent to the quarter ending, Chapleau raised \$928,620 from the sale of Far West Mining Ltd. shares for future exploration work on its Horsefly project near Horsefly, B.C. and exploration work in South America

### **Liquidity**

Market conditions for the junior resource sector remain quiet. 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 \$214,969 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 \$140,226 as at May 15, 2005.

### **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 7 to the Financial Statements.

**Proposed transactions**

None