

082-03023

File Number: ~~82-1991~~



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# GOLDEN HOPE MINES LIMITED

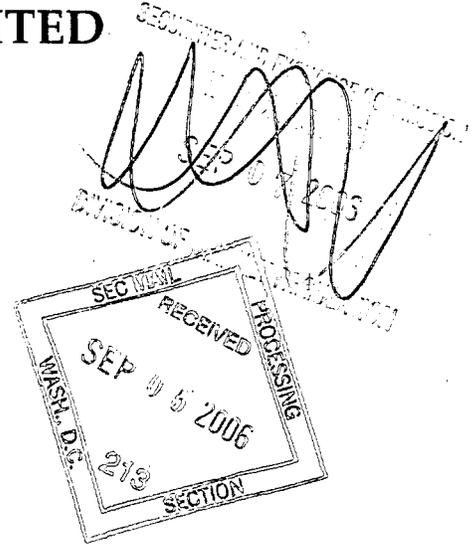
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August 28, 2006

Office of International Corporate Finance  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Judiciary Plaza  
Washington, D.C.  
U.S.A. 20549



# SUPPL

Gentlemen:

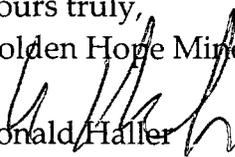
Enclosed is information, which *Golden Hope Mines Limited* has made public pursuant to the laws of the Provinces of Ontario, Quebec, Alberta and British Columbia, Canada.

The following materials are being furnished pursuant to Rule 12g3-2(b):

- (a) Unaudited financial statements dated June 30, 2006
- (b) Management Discussion & Analysis dated June 30, 2006

Please contact the undersigned if you have any questions.

Yours truly,  
Golden Hope Mines Limited

  
Ronald Haller  
Secretary

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FINANCIAL



File Number: 02-4551

GOLDEN HOPE MINES LIMITED  
(INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO)  
BALANCE SHEET  
(Unaudited without review by auditor)

	June 30, 2006	Dec 31, 2005
<b>ASSETS</b>		
Current		
Cash	\$ 265,106	\$ 3,343
Accounts receivable	3,010	3,660
Prepaid expenses	<u>11,694</u>	<u>11,794</u>
	279,810	18,797
Mining claims and deferred exploration expenditures (Note 2)	<u>7,560,096</u>	<u>7,303,403</u>
	<u>\$ 7,839,906</u>	<u>\$ 7,322,400</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 3)	\$ 255,038	\$ 727,218
Advances from related parties (Note 4)	<u>42,915</u>	<u>240,101</u>
	297,953	967,319
Future income taxes (Note 5)	<u>791,000</u>	<u>791,000</u>
	<u>1,088,953</u>	<u>1,758,319</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)		
Authorized:		
Unlimited common shares		
Issued:		
32,115,465 common shares (2005-26,001,829)	10,482,321	9,857,321
Shares to be issued	377,300	5,000
Contributed Surplus	51,019	51,019
Deficit	<u>(4,159,687)</u>	<u>(4,349,459)</u>
	<u>6,750,953</u>	<u>5,563,881</u>
	<u>\$7,839,906</u>	<u>\$7,322,200</u>

See accompanying notes

GOLDEN HOPE MINES LIMITED  
STATEMENT OF OPERATIONS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006  
(Unaudited without review by auditor) <sup>1</sup>

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Expenses:	<u>2006</u>	<u>2005</u>
Shareholders' information	\$ 27,573	\$ 19,071
General and administrative	4,330	15,570
Property investigation	9,413	-
Management fees	<u>9,000</u>	<u>9,000</u>
	50,316	43,641
Gain on settlement of debt	<u>(302,088)</u>	<u>-</u>
Net income (loss) for the period	251,772	(43,641)
Agents' commissions	(62,000)	-
Deficit, beginning of period	<u>(4,349,459)</u>	<u>(3,479,055)</u>
Deficit, end of period	<u>\$(4,159,687)</u>	<u>\$(3,522,696)</u>
Loss per common share	\$ <u>0.009</u>	\$ <u>(0.002)</u>

See accompanying notes

GOLDEN HOPE MINES LIMITED  
STATEMENT OF OPERATIONS  
FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2006  
(Unaudited without review by auditor)

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File Number: 82-4991

Expenses:	<u>2006</u>	<u>2005</u>
Shareholders' information	\$ 19,927	\$ 11,159
General and administrative	2,717	9,161
Property investigation	6,438	-
Management fees	<u>4,500</u>	<u>4,500</u>
	33,582	24,820
Gain on settlement of debt	<u>(302,088)</u>	<u>-</u>
Net income (loss) for the period	268,506	(24,820)
Agents' commissions	(62,000)	-
Deficit, beginning of period	<u>(4,366,193)</u>	<u>(3,497,876)</u>
Deficit, end of period	<u>\$(4,159,687)</u>	<u>\$(3,522,696)</u>
Loss per common share	\$ <u>0.009</u>	\$ <u>(0.001)</u>

See accompanying notes

GOLDEN HOPE MINES LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006  
(Unaudited without review by auditor)

	<u>2006</u>	<u>2005</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operations:</b>		
Net income (loss)	\$ 251,772	\$(43,641)
<b>Changes in non-cash components of working capital</b>		
Decrease (increase) in accounts receivable	650	(142)
Decrease in prepaid expenses	100	-
Increase (decrease) in accounts payable	<u>(472,180)</u>	<u>21,186</u>
	<u>(219,658)</u>	<u>(22,597)</u>
<b>Financing Activities:</b>		
Sale of common shares for cash	620,000	30,000
Value of common shares to be issued in settlement of debt	362,300	-
Value of common shares to be issued in consideration for agents' commission	15,000	-
Advances (reduced) from related parties	(197,186)	21,170
Agents' commissions	<u>(62,000)</u>	<u>-</u>
	<u>738,114</u>	<u>51,170</u>
<b>Investing Activities:</b>		
Mining claims and deferred exploration expenditures	<u>(256,693)</u>	<u>(28,473)</u>
Increase in cash	261,763	100
Cash, beginning of period	<u>3,343</u>	<u>208</u>
Cash, end of period	<u>\$ 265,106</u>	<u>\$ 308</u>

See accompanying notes

File Number: 02-4551

GOLDEN HOPE MINES LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2006  
(Unaudited without review by auditor).

	<u>2006</u>	<u>2005</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operations:</b>		
Net income (loss)	\$ 268,506	\$(24,820)
<b>Changes in non-cash components of working capital</b>		
Decrease in accounts receivable	834	96
Increase in prepaid expenses	(11,694)	-
Increase (decrease) in accounts payable	<u>(519,125)</u>	<u>1,720</u>
	<u>(261,479)</u>	<u>(23,004)</u>
<b>Financing Activities:</b>		
Sale of common shares for cash	620,000	30,000
Value of common shares to be issued in settlement of debt	362,300	-
Value of common shares to be issued in consideration for agents' commission	15,000	-
Advances (reduced) from related parties	(205,431)	10,420
Agents' commissions	<u>(62,000)</u>	<u>-</u>
	<u>729,869</u>	<u>40,420</u>
<b>Investing Activities:</b>		
Mining claims and deferred exploration expenditures	<u>(203,874)</u>	<u>(17,284)</u>
Increase in cash	264,516	132
Cash, beginning of period	<u>590</u>	<u>176</u>
Cash, end of period	\$ <u>265,106</u>	\$ <u>308</u>

See accompanying notes

## **1. Summary of Significant Accounting Policies**

### **Nature Operations**

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain economically recoverable reserves. The recovery of the amounts shown for resource properties and the related deferred expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mining claims, the ability of the Company to obtain necessary financing to complete the development, future profitable production and the support of the Company's trade creditors.

The financial statements do not give effect to any adjustments to the amount of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the ordinary course of business.

### **Mining Claims**

Mining claims are carried at cost until they are brought into production at which time they are depleted on a unit-of-production basis.

Exploration expenditures relating to mining claims are deferred until the properties are brought into production at which time they are amortized on a unit-of-production basis.

The cost of claims abandoned or sold and the deferred exploration costs relating to claims abandoned or sold are charged to operations in the current year.

If, in the opinion of management, the results of exploration are not sufficiently promising to warrant further work, or further development has not occurred over a three year period there is a presumption of impairment and, accordingly, the carrying values will be written down to a nominal carrying value.

### **Administrative expenses**

Administrative expenses are charged to operations in the year incurred.

### **Use of Estimates**

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts reported and disclosed in the financial statements. Actual results could differ from those estimates.

### **Income taxes**

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences

between financial statement values and tax values of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

### Stock based compensation

The Company accounts for stock-based compensation in accordance with CICA Handbook section 3870 "Stock-Based Compensation and Other Stock-Based Payments." This standard requires that stock-based payments to non-employees and direct awards of stock to employees and non-employees are accounted for using a fair-value method of accounting.

### Flow-through shares

The Company will from time to time issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. Accordingly, share capital will be reduced and a future tax liability will be recorded equal to the estimated amount of future income taxes payable by the Company as a result of the renunciations, when the renunciations are made.

### Earnings per share

Basic income per share is computed using the weighted average number of common shares outstanding during the year. Diluted income per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants using the treasury stock method.

## 2. Mining Properties and Deferred Exploration Expenditures

	Opening	Additions	Closing
Bellechasse, Panet and Ware Townships, Quebec Acquisition	\$ 654,353	\$ -	\$ 654,353
Exploration	<u>6,649,050</u>	<u>256,693</u>	<u>6,905,743</u>
	<u>\$ 7,303,403</u>	<u>\$ 256,693</u>	<u>\$ 7,560,096</u>

### Bellechasse, Panet and Ware Townships

The Company holds a block of contiguous claims subject only to a 10% net profits royalty. The claims were acquired from Gold Belt Mining Ltd., a company that is associated with the president and a director of the company.

Pursuant to an agreement dated August 13, 1990, as amended, the Company acquired an option to earn a 100% interest in 4 claims for \$400,000, subject only to a 5% net profits royalty on net profits in excess of \$250,000.

## 3. Accounts payable and accrued liabilities

Included in accounts payable is an accrual for a judgment rendered on December 2, 2004 against the Company in the amount of \$79,833. At June 30, 2006, this amount is still outstanding and bears interest plus costs.

## 4. Related party transactions

The Company was charged management fees in the amount of \$9,000 (2005-\$9,000) from 154327 Canada Inc., a company related by virtue of common management.

During the period, the President of the Company was entitled to reimbursement of expenses of \$3,745 (2005-\$12,170).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

<b>Advances from related parties</b>	<u>2006</u>	<u>2005</u>
Advances from the President	\$ 15,915	\$ 150,101
Advances from 154327 Canada Inc.	<u>27,000</u>	<u>81,000</u>
	<u>\$ 42,915</u>	<u>\$ 231,101</u>

These amounts are non-interest bearing and have no specific terms of repayment.

## 5. Income taxes

The tax effect of significant temporary differences representing future tax liability is as follows:

Future income tax assets	2006	2005
Renounced expenditures	\$1,098,000	\$1,098,000
Operating loss carry forwards	<u>(307,000)</u>	<u>(307,000)</u>
	<u>\$ 791,000</u>	<u>\$ 791,000</u>

As at June 30, 2006, the Company has losses carried forward which are deductible from future income tax purposes and the losses expire as follows:

2007	\$ 27,000
2008	148,000
2009	99,000
2010	196,000
2014	142,000
2015	<u>103,000</u>
	<u>\$ 715,000</u>

As at June 30, 2006, the Company had exploration and development expenses totaling \$4,462,000 available to reduce future years' taxation income.

## 6. Share capital

### Common shares

	Number of shares	Amount
Balance, December 31, 2005	26,001,829	\$ 9,857,321
Issue of common shares subscribed for during 2005	50,000	5,000
Sale of common shares for cash	<u>6,063,636</u>	<u>620,000</u>
Balance, June 30, 2006	<u>32,115,465</u>	<u>\$10,482,321</u>

On June 26, 2006, the Company closed three private placements.

The Company issued 3,000,000 common shares, at a price of \$0.10 per share, with warrants to purchase up to a further 3,000,000 shares at a price of \$0.20 per share for two years expiring, May 31, 2008.

The Company issued 1,363,636 common shares at a price of \$0.11 per share, with warrants to purchase up to a further 1,363,636 shares at a price of \$0.20 per share for two years, expiring June 5, 2008.

The Company issued 1,700,000 common shares, at a price of \$0.10 per share, with warrants to purchase up to a further 1,700,000 shares at a price of \$0.20 per share for two years, expiring June 5, 2008.

In conjunction with these placements, the Company has paid finders' fees totaling \$62,000 including 136,364 shares subsequently issued at a deemed price of \$0.11 per share for \$15,000 and issued warrants to purchase up to a further 436,364 shares, at a price of \$0.20 per share, 300,000 warrants expiring, May 31, 2008 and 136,364 warrants expiring, June 5, 2008.

Warrants are issued and outstanding to purchase up to a further 1,000,000 common shares at a price of \$0.15 per share, expiring August 2, 2007.

On July 21, 2006, the Company negotiated a settlement of debt with various creditors. The agreement provided for the settlement of \$362,300 of debt by subsequently issuing 1,449,190 common shares at a deemed price of \$0.25 per share, of which 958,970 common shares was issued to non-arm's length parties to settle \$239,742 of debt.

On August 24, 2006, the Company closed two private placements.

The Company issued 800,000 common shares at a price of \$0.125 per share, with warrants to purchase up to a further 800,000 shares at a price of \$0.20 per share for one year, expiring August 23, 2007.

The Company issued 821,429 common shares at a price of \$0.14 per share, with warrants to purchase up to a further 821,429 shares at a price of \$0.20 per share for one year, expiring August 23, 2007.

In conjunction with these placements, the Company has issued 162,143 common shares in consideration of finders' fees totaling \$21,500 with warrants attached to purchase up to a further 162,143 common shares, at a price of \$0.20 per share, for one year expiring August 23, 2007.

#### 7. Basic and diluted earnings per share

The weighted-average number of common shares outstanding during the period was 27,062,435 (2005-23,901,829).

#### 8. Stock based compensation

A summary of the status of the Company's employee stock option plan as of June 30, 2006 and 2005 and changes during the period then ended are as follows:

	2006		2005	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding, beginning of period	859,000	\$ 0.19	1,709,000	\$ 0.18
Issued during the period	5,020,000	0.15	-	-
Exercised during the period	-	-	(300,000)	(0.10)
Cancelled during the period	-	-	(550,000)	(0.19)
Outstanding, end of the period	<u>5,879,000</u>	<u>\$ 0.16</u>	<u>859,000</u>	<u>\$ 0.19</u>

At June 30, 2006, the following employee stock options were outstanding:

Options	Price	Expiry
400,000	\$ 0.20	June 2, 2007
3,270,000	0.15	June 21, 2007
29,000	0.10	January 23, 2008
200,000	0.15	February 27, 2008
1,750,000	0.15	February 24, 2009
44,000	0.20	June 15, 2009
50,000	0.20	July 6, 2009

32,000  
104,000

0.20  
0.25

File Number: 82-4991  
April 4, 2010  
March 19, 2010

## **9. Financial instruments**

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instruments. These estimates are subjective to nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

### **Fair value**

The carrying amounts for cash, accounts receivable, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

The Company's financial instruments include cash, accounts receivable, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

## **10. Segmented information**

The Company's operations comprise a single reporting operating segment engaged in the exploration of mineral resources. As operations comprise a single reporting segment amounts disclosed in the financial statements for revenue, and loss for the year also represent segment amounts.

**GOLDEN HOPE MINES LIMITED****MANAGEMENT DISCUSSION AND ANALYSIS**

JUNE 30, 2006

August 28, 2006

As announced in its press release dated June 26, 2006, the Company is pleased to announce that it has closed three private placements.

The Company has issued 3,000,000 common shares, at a price of \$0.10 per share, with warrants to purchase up to a further 3,000,000 shares at a price of \$0.20 per share for two years, subject to a hold period expiring September 30, 2006.

The Company has issued 1,363,636 common shares at a price of \$0.11 per share, with warrants to purchase up to a further 1,363,636 shares at a price of \$0.20 per share for two years, subject to a hold period expiring October 2, 2006.

The Company has issued 1,700,000 common shares, at a price of \$0.10 per share, with warrants to purchase up to a further 1,700,000 shares at a price of \$0.20 per share for two years, subject to a hold period expiring October 2, 2006.

In conjunction with these placements, the Company has paid finder's fees totaling \$62,000, and issued 136,364 shares at a deemed price of \$0.11 per share for \$15,000 and issued warrants to purchase up to a further 436,364 shares, at a price of \$0.20 per share, for two years. The shares are subject to a hold period expiring September 30, 2006.

The aggregate proceeds of \$620,000 is being used to further exploration on the Company's gold project in southeastern Quebec and for working capital.

As announced in its press release dated July 21, 2006, the Company has received TSX Venture Exchange approval to settle debt with various creditors for the settlement of \$362,300 of debt by the issuance of 1,449,190 common shares at a deemed price of \$0.25 per share, of which 958,970 common shares will be issued to non-arm's length parties to settle \$239,742 of the debt. The Company has also written down \$302,088 of outstanding payables. The payables as at June 30, 2006 are \$297,953. The debt has been verified by the audited Annual Financial Statements for the year ended December 31, 2004. The securities issued pursuant to the debt settlement will be subject to a four month hold period, expiring November 20, 2006.

The Company has negotiated this settlement so that the proceeds of future financings can be directed to the Company's exploration programs. The creditors are committed to assisting the Company in its growth and are willing to settle their outstanding debt at a premium to the current market price.

A major drilling program during 2003 – 2004 on the Bellechasse deposit by a previous partner confirmed the presence of a significant volume of homogeneous rock carrying visible gold. Unfortunately, this drill program was marked by careless and incomplete sampling and inadequate analytical procedures to the extent that a proper assessment of the real gold grade

could not be made. The Company intends to sample all of the drill core using gravimetric techniques for total extraction of gold, a process which will permit such an assessment.

In Maine, the Company plans to further drill test the established silver-zinc mineralized systems beyond their presently defined limits.

Both properties have the potential for large tonnage, bulk mining possibilities.

As announced in its press release dated August 24, 2006, the Company is pleased to announce that it has closed two private placements.

The Company has issued 800,000 common shares, at a price of \$0.125 per share, with warrants to purchase up to a further 800,000 shares at a price of \$0.20 per share for one year, subject to a hold period expiring December 23, 2006.

The Company has issued 821,429 common shares, at a price of \$0.14 per share, with warrants to purchase up to a further 821,429 shares at a price of \$0.20 per share for one year, subject to a hold period expiring December 23, 2006.

In conjunction with these placements, the Company has issued 162,143 common shares with warrants attached to purchase up to a further 162,143 common shares, at a price of \$0.20 per share, for a one year period for finders' fees on the placements. The shares are subject to a hold period expiring December 23, 2006.

The aggregate proceeds of \$215,000 will be used for working capital and to further exploration on the Company's gold project in southeastern Ontario.

The Company relies on private placements, exercise of options, exercise of share purchase warrants, offering of flow-through shares and joint ventures to fund exploration costs and working capital.

Disclosure controls and procedures are designed to provide reasonable assurance that material information is generated and reported to senior management, including President and Secretary, as appropriate to permit timely decisions and to permit timely and accurate public disclosure.

Management, including the President and Secretary, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2006. Based on this evaluation, the President and Secretary have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under applicable Canadian Securities Legislation is recorded, processed, summarized and reported within the time limits specified in such rules.

For further information regarding the company, contact Peter H. Smith, Ph.D., P.Eng. at (514) 481-3172 or visit [www.goldenhopemines.com](http://www.goldenhopemines.com).