

Manicouagan Minerals Inc.
Management's Discussion and Analysis
(Expressed in Canadian dollars)

For the Period Ended March 31, 2006

This Management Discussion and Analysis ("MD&A") is intended to supplement the consolidated financial statements and notes of Manicouagan Minerals Inc. (the "Company") thereto for the period ended March 31, 2006 and compares the financial results of the first quarter of 2006 with those of the comparative quarter in 2005. This MD&A is dated as of May 25, 2006 and financial data contained herein is unaudited and has been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The Company's public filings, including its most recent consolidated financial statements can be reviewed on the SEDAR website (www.sedar.com). Except as discussed below, all other factors referred to and discussed as at December 31, 2005 remain substantially unchanged.

All figures and discussions presented in this Management's Discussion and Analysis reflect the consolidated figures and plans of the Company and its subsidiary, Manicouagan Resources Inc. ("MRI"), except where otherwise noted.

Project Activity

The Company's principal project, the Manicouagan Project, consists of 3,247 contiguous and non-contiguous claims which are owned as to 100% by the Company and are situated in the interior and the periphery of the Manicouagan Crater which is approximately 300 km due north of Baie-Comeau, Quebec. The minimum work requirement to keep these claims in good standing is to expend an amount of \$1,200 over a two-year period on each claim. The expiry and renewal dates range from April 2006 to October 2007 and all claims are currently in good standing.

During the first quarter of 2006, the Company commenced a winter drill program at the Manicouagan Project. This drill program was designed to test a number of coincident magnetic and electromagnetic anomalies as well as several deep geophysical (magnetotelluric) anomalies within the inner crater. A total of 10 holes totaling 4,329 m were completed. The winter drill program was completed on May 4, 2006. Assay results are currently pending. The total cost of the winter exploration program is currently estimated at approximately \$1.5 million. This amount takes into consideration an originally budgeted amount of \$1.2 million as well as additional amounts incurred for deep drilling which arose as a result of field conditions and geological considerations. Of this, expenditures of \$870,717 had been incurred as at March 31, 2006.

Dr. Walter Peredery, an independent consulting geologist and recognized nickel expert, visited the property during the last week of April and his report is expected shortly. Manicouagan Minerals will be retaining Dr. Peredery to assist with the development and supervision of the Company's exploration programs at the Manicouagan Project.

On April 18, 2006, the Company announced the acquisition of the Mouchalagane Property. The Mouchalagane Property consists of 58 map designated claims covering an area of 30 km² approximately 300 km north of Baie-Comeau, Québec. The claims are located some 100 km northwest of Company's exploration camp at the Manicouagan Project. The Company acquired a 100 percent interest in the claims by issuing 300,000 of its common shares at a price of \$0.15 per share to the vendor. In the event of production from the property, the vendor will receive a 2% net smelter return royalty, three quarters of which can be purchased from the vendor for \$1.0 million within six months from the date that a production decision is announced.

Prospecting on the Mouchalagane Property on behalf of the vendor resulted in the discovery of two base metal surface showings and one gold surface showing. Nine grab samples from the Dernier Chance showing averaged 1.76% copper, 1.04% nickel, 1.5 gm. per tonne palladium, and 0.3 gm. per tonne platinum. The samples ranged from 0.30% to 3.51% copper, 0.48% to 1.38% nickel, 0.94 to 2.12 gm. per tonne palladium and 0.12 to 0.82 gm. per tonne platinum.

The second showing is located at Corbeau 2, approximately 100 m northeast of the Dernier Chance showing where one grab sample returned 2.74 gm. per tonne gold.

The third showing is at Mouche, about 600 m southeast of Dernier Chance where five grab samples averaged 0.39% copper and 0.08% nickel. The samples ranged from 0.18% to 0.98% copper and 0.06% to 0.17% nickel. The showings are located within ultramafic volcanic rocks near a metasedimentary contact.

Due to winter conditions, the results of the previously completed work have not yet been verified by the Company.

On May 10, 2006 the Company announced that it had acquired an airborne survey identifying geophysical anomalies coincident with the main copper/nickel showing on the Mouchalagane Property. The THEM (Transient Helicopter Electro Magnetic) survey was flown in 2004 for a third party and the resulting proprietary data was purchased by the Company.

Analysis of the survey data reveals that the Mouchalagane Property hosts at least seven parallel shallow EM (electromagnetic) conductors located in the vicinity of the two previously announced copper/nickel showings. A portion of an 800 m long EM conductor and coincident zone of high magnetic susceptibility is underlain by the Dernier Chance showing. The EM anomalies identified by the survey occur within a two kilometre long section across the formational strike of the rocks and entirely within the Mouchalagane Property.

The Company expects to commence an initial program of trenching and sampling on the Mouchalagane Property in July 2006. Expenditures on the Mouchalagane Property to the date of this report totaled \$28,000.

Mr. Constantine Salamis P. Eng, Vice-Chairman of the Company, qualifies under the definition of "qualified person" set out in National Instrument 43-101 and certifies that by reason of education, affiliation with a professional association and past and relevant work experience, he fulfils the requirements to be a "qualified person" for the purposes of NI 43-101.

Corporate Activity

On March 6, 2006 the Company appointed Joseph Baylis as President and Chief Executive Officer. Mr. Baylis brings over 22 years of domestic and international mining industry experience to the Company and has, over the years assumed increasingly senior roles at Noranda Inc., Hemlo Gold Mines Inc. and Battle Mountain Gold Co., where he was Senior Vice-President, Corporate Development. Mr. Baylis has also served as Chief Executive of Niugini Mining Ltd. and most recently, and until July, 2005, he was President and Chief Executive Officer of Olympus Pacific Minerals Inc. In connection with his appointment, the Company issued 750,000 stock options at a price of \$0.10 per share, which vest over a period of three years.

Since Mr. Baylis' appointment, the Company has actively sought out and evaluated a number of opportunities with a view to expanding the scope of the Company's activities in the field of mineral exploration and development.

Selected Financial Results

	First Quarter 2006	Fourth Quarter 2005	Third Quarter 2005	Second Quarter 2005
Income	\$34,553	\$28,090	\$35,836	\$46,001
Net loss	\$207,739	\$125,408	\$85,737	\$181,253
Net loss per share	\$0.00	\$0.00	\$0.00	\$0.00
	First Quarter 2005	Fourth Quarter 2004	Third Quarter 2004	Second Quarter 2004
Income	\$26,751	\$70	\$8	\$0
Net loss (net profit)	\$547,743	\$380,862	\$(57,008)	\$63,568
Net loss (net profit) per share	\$0.01	\$0.01	\$(0.00)	\$0.00

Financial Review of Operations

On November 19, 2004, the Company acquired all of the issued and outstanding shares of MRI. It should be noted that, for historical presentation purposes, the consolidated financial results shown for the quarter ended December 31, 2004 represent the results of MRI for the full three-month period as well as the financial results of the Company from November 20, 2004, through December 31, 2004. As MRI conducts the operations of the business of the Company, their results will be more comparable to the consolidated Company on a going forward basis. As a result, all other quarterly figures presented below are the results of MRI alone for the periods indicated.

	First Quarter 2006	Fourth Quarter 2005	Third Quarter 2005	Second Quarter 2005
Working Capital	\$5,089,778	\$5,897,657	\$5,680,532	\$6,582,326
Total Assets	\$10,671,412	\$10,593,465	\$9,763,387	\$9,846,587
Exploration Costs	\$870,717	\$1,214,962	\$1,736,104	\$1,364,894
Proceeds from stock issuances	-	\$1,500,000	-	-
	First Quarter 2005	Fourth Quarter 2004	Third Quarter 2004	Second Quarter 2004
Working Capital	\$8,079,662	\$4,602,441	\$126,663	\$417,499
Total Assets	\$9,854,005	\$6,113,073	\$1,714,848	\$1,448,888
Exploration Costs	\$382,879	\$76,442	\$160,593	\$42,557
Proceeds from stock issuances	\$4,525,000	\$5,526,800	-	-

For the quarter ended March 31, 2006, the Company incurred a net loss of \$207,739 compared to a net loss of \$547,743 for the corresponding period in 2005. Of the loss incurred in the 2006 first quarter, the bulk of the costs related to stock-based compensation costs for options which were granted and which vested during the quarter, management fees, professional fees and traveling expenses. In the corresponding period in 2005, the figure of \$547,743 included a one-time write-off of exploration costs (\$197,127) as well as higher stock-based compensation costs (\$278, 851).

Liquidity and Capital Resources

The Company, currently debt free, has a working capital position of \$5,089,778 compared to \$5,897,657 on December 31, 2005. Of this amount, \$2,299,623 has been reserved for flow-through exploration obligations compared to \$3,131,388 at the end of 2005. As at March 31, 2006, the Company had accounts receivable totaling \$1,564,063 which are comprised of commodity taxes receivable as well as tax credits refundable on allowable exploration costs. These tax credits refundable are a result of the Company's increased issuance of flow-through shares and unrenounced expenditures which generate tax credits in the province of Quebec.

The Company's exploration projects are at an early stage and it has not yet been determined whether any of its properties contain economically recoverable ore. As a result, the Company has no current sources of revenue and relies on the issuance of shares to generate the funds required to further its projects. Improving industry conditions have allowed the Company to raise \$5,526,800 in 2004 and \$6,025,000 in 2005.

The Company believes that the current working capital of \$5,089,778 is adequate to meet the Company's currently planned expenditures for 2006, fulfill its flow-through commitments and cover general overheads. The Company may seek other alternatives for financing, depending on market conditions, exploration results and opportunities available to it; however, there can be no assurance that such financing attempts will be successful.

As at March 31, 2006, the Company was party to a lease commitment for office space which expires on February 28, 2007. The aggregate commitment under this lease is \$10,500 payable as follows:

2006	\$9,000
2007	\$1,500

Apart from the above lease arrangement, the Company is not party to any other lease or short or long term contractual obligations which could adversely affect its working capital.

Related Party Transactions

During the quarter ended March 31, 2006, the Company concluded transactions with companies controlled by directors and/or officers totaling \$32,800 (March 31, 2005: \$20,200). These transactions, which occurred in the normal course of business and which were measured at the exchange amount, relate to exploration costs as to \$11,800 (2005: \$17,400) and management fees as to \$21,000 (2005: \$2,800). As at March 31, 2006, the amount of \$39,060 (December 31, 2005: \$19,081) was owing to related parties. There are no contractual or other commitments resulting from these transactions.

New Accounting Policies

In January 2005, the CICA issued four new accounting standards in relation with financial instruments: Section 3855 “Financial Instruments – Recognition and Measurement”, Section 3865 “Hedges”, Section 1530 “Comprehensive Income” and Section 3251 “Equity”.

Section 3855 expands on Section 3860 “Financial Instruments – Disclosure and Presentation”, by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13 “Hedging Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530 “Comprehensive Income” introduces a new requirement to temporarily present certain gains and losses outside net income. Consequently, Section 3250 “Surplus” has been revised as Section 3251 “Equity”.

Sections 3855, 3865 and 1530 apply to fiscal years beginning on or after October 1, 2006. The impact of these standards has not been determined by the Company’s financial management.

Outstanding Share Data

As of May 25, 2006, the following were outstanding:

- Common Shares 85,052,000
- Stock Options 5,975,000
- Warrants 17,870,600

Forward Looking Statements

This document contains forward looking statements based on the Company’s current expectations. Forward looking information can often be identified for forward looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

These forward looking statements are subject to risks, uncertainties and other factors that could cause actual result to differ materially from those presented in this document. Accordingly, the Company undertakes no obligation to update forward looking statements if circumstances or managements estimates or opinions should change. Readers are cautioned not to place undue reliance on forward looking information.