

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

For the Period Ended June 30, 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 June 30, 2006 and compares the financial results of the second quarter of 2006 with those of the comparative quarter in 2005. This MD&A is dated as of August 23, 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

Mineral Properties	Location	Interest	Area
Manicouagan	Rene-Levasseur Island, Quebec	100% (2,882 claims)	1,849 sq.km
Mouchalagane	Rene-Levasseur Island, Quebec	100% (58 claims)	30 sq.km
Brabant Lake	Brabant Lake, Saskatchewan	100% (21 claims)	4.11 sq.km
Lac Maugue	Dunphy-Romanet Lake, Quebec	100% (88 claims)	42.25 sq.km

Manicouagan Project

As of June 30, 2006 the Company's Manicouagan Project consisted of 2,882 claims. Since then 550 claims have been, or are in the process of being, renewed and 201 claims have been allowed to lapse. Currently the project consists of 2,681 claims. The claims are 100% owned 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 and to pay a renewal fee of either \$48 or \$96.

On June 22, 2006, the Company announced the results from the winter drill program at the crater. The program tested a number of coincident magnetic and electromagnetic anomalies as well as several deep geophysical (magnetotelluric) anomalies within the inner crater. The program consisted of nine new diamond drill holes as well as the extension of one drill hole that had not been completed in 2005. Drilling totaled 4,321 metres.

Final assay results indicate that these holes did not intersect any economic mineralization.

However, certain holes did contain anomalous geochemical values. Diamond drill hole 06-08 which was designed to test a deep magnetotelluric anomaly within the inner crater intersected anomalous values of 1095 ppm (parts per million) of copper mineralization over 0.10 metres in Melt Sheet rocks at a depth of 558.5 metres. At a depth of 1103.4 metres this hole also

contained 2050 ppm of copper mineralization over 0.27 metres. The hole intersected the deepest section of Melt Sheet rock (1200 metres plus) encountered to date in the crater.

Three diamond drill holes (05-12, 05-15 and 06-07) on the western side of Rene-Levasseur Island also contained anomalous geochemical values. These three holes are interpreted to fall within a wide concentric fault zone that appears to follow the circumference of the island. Anomalous values were obtained within a brecciated graphitic fault zone in metasediments containing 5-15% sulphides in each of these drill holes.

Drill hole 05-12 from 110 to 113 metres returned 800 ppm copper in altered and vesicular mafic gneiss (2% sulphides). From 113 to 121 metres this hole contained 500 ppm copper, 200 ppm nickel and 1500 ppm zinc.

Drill hole 06-07 from 192.5 to 211.3 metres contained 300ppm copper including a 0.4 metre interval containing 0.10 ppb (parts per billion) platinum and 0.08 ppb palladium.

Drill hole 05-15 from 144.0 to 149.0 metres returned 500 ppm copper, 1400 ppm zinc, 200 ppm nickel, 0.03 ppb platinum, and 0.02 ppb palladium.

Sulphide mineralization has been intersected in inclusions and in the Manicouagan Melt Sheet itself although background base metal values in the melt sheet are quite low. Low background base metal values are also characteristic of the Sudbury Melt Sheet in Sudbury, Ontario.

To date, a number of the sulphides intersected in the footwall rocks near the periphery of the island such as the graphite schists found in diamond drill holes 05-12, 05-15 and 06-07 are highly anomalous in base metals and platinum group elements. The presence of sulphides in the footwall rocks suggests that such sulphides may have been incorporated in the Manicouagan Melt Sheet during its formation and supports the possibility that these sulphides may have been further concentrated into sulphide bodies within the Manicouagan Melt Sheet.

Expenditures of \$1,621,073 have been incurred as at June 30, 2006. Work during the summer of 2006 will be focused on compiling and re-evaluating results to date supplemented with the selective examination of the melt sheet – basement contact in areas where it has been exposed. Also, a number of holes that have been drilled will be tested using down hole pulse EM. It is anticipated that a further \$100,000 will be expended on the property during the second half of 2006.

Mouchalagne Copper/Nickel Property

On April 18, 2006, the Company announced the acquisition of the Mouchalagane Copper/Nickel Property. The property consists of 58 map designated claims covering an area of 30 sq.km 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 \$1,000,000 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 metres 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 metres 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.

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 metre 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 has commenced an initial program of trenching and sampling on the Mouchalagane Property in the second quarter. Expenditures on the Mouchalagane Property to June 30, 2006 totaled \$135,912. Additional work on the property during the months of July and August will consist of geological mapping and rock sampling, detailed and property wide soil sampling as well as ground geophysical surveys at an estimated cost of \$150,000.

Brabant Lake Zinc Property

On June 28, 2006, the Company announced the purchase of a 100 percent interest in the Brabant Lake Zinc property which contains the McKenzie zinc, copper, silver deposit from Longyear Canada, ULC. The property consists of 21 contiguous claims registered as ML 5054 covering an area of approximately 411 hectares and is located immediately east of Highway 102 some 175 km from the all services community of La Ronge, Saskatchewan.

The Company purchased a 100% interest in the property in return for a one time payment of \$300,000 to Longyear Canada, ULC. No other consideration is payable to the vendor and the property is not subject to any third party royalties.

In 1994, a preliminary resource inventory (Stewart, P.W. *et al* 1994) was completed incorporating data available from 72 drill holes. This historical mineral resource inventory was estimated to be 4,857,851 tonnes grading 5.19% zinc, 0.59% copper, 22.59 grams per tonne silver, 0.22 grams per tonne gold and 0.28% lead. This resource inventory was calculated using the polygonal plan method, using minimum criteria of 2% zinc over a width of at least 3 metres and a specific gravity of 3.0.

The McKenzie deposit was originally discovered by prospector Lawrence McKenzie in 1956 and the last reported work on the property was completed in 1993. The deposit occurs within a homoclinal sequence of northeast striking and moderately west dipping gneisses. The McKenzie Deposit consists of three stacked zones of sulphide mineralization comprising the Hanging Wall, Upper and Lower Zones. Each zone strikes northeast, dips moderately west-northwest and is approximately 5 metres wide.

Of particular significance is the Lower Zone which is relatively unexplored and where drilling in 1993 intersected higher than average base metal grades. (Hole BR-196-8: 13.92 % Zn, 0.83% Cu over 6.3 metres of core length with an estimated true width of 5.3 metres) This intersection is stored in the Saskatchewan Energy and Mines Core Library in La Ronge and has been viewed by the Company's Qualified Person who can confirm the down hole width and approximate tenor of the mineralization.

Grade and tonnage estimates for the Brabant Lake Zinc property and the McKenzie deposit presented in this report are historical in nature and predate, and are noncompliant with NI 43-101 and should not be relied on except to represent an order-of-magnitude estimate of mineral resources. Manicouagan believes that the estimates are based on reliable information prepared by reputable individuals using accurate analytical techniques. Manicouagan Minerals will be re-evaluating all analytical and drill data to make the historical estimates conform to the CIM Standards for Mineral Resource and Mineral Reserve estimates.

The area surrounding the Brabant Lake Zinc property is the subject of a native land claim dating back to the mid 1980's. The Brabant Lake Zinc property predates the claim and as such the property is grandfathered. Any agreements relating to surface access that are of a duration of less than one year can be entered into with the Province of Saskatchewan subject to consultation with the Peter Ballantyne Band whereas agreements having a duration of more than a year require the prior consent of the Band.

No work has been done on the property since the early 1990s. The Company has initiated an independent NI 43-101 compliant resource estimate. The Company will also establish a cut line grid on the property to facilitate re-locating historical drill hole collars and property monuments as well as to provide horizontal control for future work including drilling. It is anticipated that this work will entail expenditures of \$90,000 during the second half of 2006.

Lac Mauge Copper/Silver Property

The Company announced on July 31, 2006 that it had completed the acquisition of the Lac Mauge Copper Silver property in the Dunphy-Romanet Lakes area of the central Labrador Trough region of Quebec with the Labrador Silver Syndicate (LSS).

The property consists of 88 map designated claims (4,225 hectares) situated near Lac Mauge approximately 160 km northwest of the all services town of Schefferville, Quebec. The property secures an area where prospecting and trenching on behalf of Outokumpu Mines Ltd. in 1993-94 over an area underlain by magnetite rich argillite, dolomite and sandy dolomite encountered significant copper-silver mineralization in outcrop and boulders. The bedrock source of some of the boulders has yet to be discovered. One 3.19-metre section in a bedrock trench assayed 0.61% copper and 135 g/t silver including a 0.5 metre section which assayed 1.26% copper and 267 g/t silver. These assays pre date NI 43-101 and have not been verified by a Qualified Person on behalf of the Company and as such should not be relied upon.

Occurrences of copper, silver, lead, zinc, gold and other metals are widespread throughout the central Labrador Trough and the Dunphy-Romanet Lake region has known metal associations (uranium, copper, gold) and a geological environment which is indicative of potential for iron oxide copper-gold type deposits in addition to sediment-hosted copper-silver mineralization found at Lac Mauge.

In view of the geological environment and the potential for large tonnage sedimentary-hosted deposits, the Company has acquired an additional 470 claims covering approximately 225.6 sq.km by way of map designation to secure selected areas of geological interest which are considered to have potential to host sedimentary hosted copper-silver deposits similar to the occurrences at Lac Mauge. The majority of these claims lie within the 10 km Area of Interest

created by the agreement with the LSS. Following the registration and acceptance of these claims by the Province of Quebec, Manicouagan Minerals will grant the LSS a 1 percent NSR royalty in the portion of the 470 map designated claims falling outside of the 10 km area of interest

The Company has retained the services of MPH Consulting Limited to undertake the current fieldwork on the property that is now underway. Initial field work is being focused on an area 800 metres west of, and along trend with, the historic Lac Mauge copper-silver showings. Prospecting work in this latter area in the early 1990's on behalf of Outokumpu Mines Ltd. reportedly discovered mineralized boulders which assayed up to 2.32% copper and 82.5 g/t silver. The bedrock source of this material has never been discovered. These assays pre date NI 43-101 and have not been verified by a qualified person on behalf of the Company and as such should not be relied upon. Further work will include similar activities on other known showings as well as new exploration targets identified by an airborne electromagnetic (AEM) survey that will be completed over selected areas. Fugro Airborne Services have been contracted to complete the AEM survey and have commenced the project.

Exploration expenditures during the period July to December, 2006 are budgeted at \$900,000 of which approximately \$400,000 has been allocated to the AEM survey. This project is broad in scope and designed to systematically and effectively explore a large area where bedrock is poorly exposed but where a number of mineral showings suggest the potential for economic mineralization.

At closing, the Company made a cash payment of \$50,000 and issued 500,000 shares to the LSS. The agreement provides for a further payment of \$50,000 and the issuance of an additional 500,000 shares one year from closing in order for Manicouagan to earn a 100% interest in the property subject to a 3 percent Net Smelter Return (NSR) royalty of which 2/3 of the 3% NSR may be bought out for \$2,000,000. The NSR applies to the Lac Mauge property as well any other claims acquired by the Company or the LSS within 10 km of the outer boundary of the existing 88 claims forming the Lac Mauge property.

Exploration programs at the Company's projects are being carried out under the supervision of Rod Thomas. Mr. Thomas, a professional geologist, has reviewed and verified the technical content of this section and qualifies under the definition of "Qualified Person" set out in National Instrument 43-101.

Corporate Activity

On May 25, 2006, at the Annual Meeting of Shareholders, Joe Baylis, President and Chief Executive Officer, indicated that the Company plans to aggressively develop a portfolio of projects that will add value, and be recognized by the market as adding value.

On May 25, 2006 the Company appointed Arthur Hampson Chief Financial Officer and Secretary and on August 23, 2006 appointed Rod Thomas, Vice President – Exploration.

Selected Financial Results

	Second Quarter 2006	First Quarter 2006	Fourth Quarter 2005	Third Quarter 2005
Income	\$26,736	\$34,553	\$28,090	\$35,836
Net loss	\$321,175	\$207,739	\$125,408	\$85,737
Net loss per share	\$0.00	\$0.00	\$0.00	\$0.00
	Second Quarter 2005	First Quarter 2005	Fourth Quarter 2004	Third Quarter 2004
Income	\$46,001	\$26,751	\$70	\$8
Net loss (net profit)	\$181,253	\$547,743	\$380,862	\$(57,008)
Net loss (net profit) per share	\$0.00	\$0.01	\$0.01	\$(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.

	Second Quarter 2006	First Quarter 2006	Fourth Quarter 2005	Third Quarter 2005
Working Capital	\$3,677,282	\$5,089,778	\$5,897,657	\$5,680,532
Total Assets	\$10,371,049	\$10,671,412	\$10,593,465	\$9,763,387
Exploration Costs	\$1,232,022	\$870,717	\$1,214,962	\$1,736,104
Proceeds from stock issuances	-	-	\$1,500,000	-
	Second Quarter 2005	First Quarter 2005	Fourth Quarter 2004	Third Quarter 2004
Working Capital	\$6,582,326	\$8,079,662	\$4,602,441	\$126,663
Total Assets	\$9,846,587	\$9,854,005	\$6,113,073	\$1,714,848
Exploration Costs	\$1,364,894	\$382,879	\$76,442	\$160,593
Proceeds from stock issuances	-	\$4,525,000	\$5,526,800	-

For the quarter ended June 30, 2006, the Company incurred a net loss of \$321,175 compared to a net loss of \$181,253 for the corresponding period in 2005. Of the loss incurred in the 2006 second quarter, the bulk of the costs related to management fees, professional fees and traveling and promotion.

For the six month period ended June 30, 2006 the Company incurred a net loss of \$528,914 compared to a net loss of \$728,996 for the corresponding period in 2005. As in the second quarter comment above, the year-to-date loss for 2006 is primarily related to management fees, professional fees, and traveling and promotion. The year-to-date loss for 2005 includes \$291,654 for stock-based compensation costs.

Liquidity and Capital Resources

The Company, currently debt free, has a working capital position of \$3,677,282 compared to \$5,897,657 on December 31, 2005. Of this amount, \$1,344,317 has been reserved for flow-through exploration obligations compared to \$3,131,388 at the end of 2005. As at June 30, 2006, the Company had amounts receivable totaling \$1,637,763 which were 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. On July 10, 2006, the Company received a tax credit cheque for \$967,456 in respect of the above noted tax credits refundable.

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 \$3,677,282 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.

The Company is 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 June 30, 2006, the Company concluded transactions with companies controlled by directors and/or officers totaling \$70,250 (June 30, 2005: \$52,000). These transactions, which occurred in the normal course of business and which were measured at the exchange amount, relate to exploration costs as to \$7,800 (2005: \$25,200) and management fees as to \$62,450 (2005: \$26,800). As at June 30, 2006, an amount of \$38,334 (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 August 23, 2006, the following were outstanding:

- | | |
|-----------------|------------|
| • Common Shares | 85,552,000 |
| • Stock Options | 5,975,000 |
| • Warrants | 17,870,660 |

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.