

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

**For the Period Ended September 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 September 30, 2006 and compares the financial results of the third quarter of 2006 with those of the comparative quarter in 2005. This MD&A is dated as of November 22, 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](http://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**

<b>Mineral Properties</b>	<b>Location</b>	<b>Interest</b>	<b>Area</b>
<b>Manicouagan</b>	Rene-Levasseur Island, Quebec	100% (1,421 claims)	747.32 sq.km
<b>Mouchalagane</b>	Rene-Levasseur Island, Quebec	100% (58 claims)	30.00 sq.km
<b>Brabant Lake</b>	Brabant Lake, Saskatchewan	100% (21 claims)	4.11 sq.km
<b>Lac Mague</b>	Dunphy-Romanet Lake, Quebec	100% (558 claims)	267.86 sq. km

**Manicouagan Project**

As of September 30, 2006, the Company's Manicouagan Project consisted of 1,624 claims. Since then 312 claims have been, or are in the process of being, renewed and 203 claims have been allowed to lapse. Currently the project consists of 1,421 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.

Down hole pulse-EM surveys were completed on six diamond drill holes that were designed to explore the contact between the overlying melt-rock and underlying basement. No conductive material was detected in any of the holes (MAN-06-08; MAN-05-03; MAN-05-11; MAN-06-02; MAN-06-09 & MAN-05-14) surveyed.

Selective prospecting and mapping of the melt sheet – basement contact at the margins of the Manicouagan meteorite impact crater was conducted in September and October to assist placing the geophysical and diamond drilling results in a regional context. It is hoped this work will assist in identifying a discrete area of increased prospectivity to focus future efforts.

The Company has drilled 20 holes for a total of 13,045 metres within the crater area which is over 65 km in diameter. There remain many unexplored targets. All results obtained to date are being compiled and assessed with the intention of developing a strategy to advance the project.

Expenditures of \$1,867,931 have been incurred as at September 30, 2006, of which \$246,858 were incurred in the third quarter. An additional \$43,500 is now expected to be spent during the fourth quarter ending December 31, 2006.

### **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 the 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.

Work during the summer consisted of line cutting to establish a 30 km line grid to facilitate additional prospecting (beep map surveys, blast hole sampling), geophysical surveys (horizontal loop EM and magnetometer surveys) as well systematic geological mapping, rock and soil sampling.

During this program a number of additional massive and disseminated sulphide showings in bedrock were discovered. Grab samples, obtained under the supervision of a Qualified Person, from the Bob showing consist of both blast hole rubble and *in situ* samples (in place and undisturbed bedrock). *In situ* samples assayed up to 9.3 grams per tonne palladium, 2.8 grams per tonne platinum and 2.88% nickel (sample no. 43484).

Ground electromagnetic surveys indicate the presence of a long and continuous formational conductor generally coincident with a major east-west thrust fault that transects the property. A number of shorter strike length conductors flank the formational conductor and the Bob showing as well as a number of other showings that are proximal to or coincident with shorter strike length conductors. Sulphide mineralization in bedrock is commonly conductive and short strike length conductors constitute viable drill targets

Fieldwork on the Mouchalagane property resumed during the first week of September.

Work focused on the Bob, Feu and Dernier Chance showings, consisted of stripping and power washing in areas of shallow overburden to further expose mineralized zones to enable a systematic channel sampling program to be carried out. To date mineralization at the Bob showing has been extended for a total strike length of approximately 60 metres over widths of up to 1.12 metres. Mineralization at Feu and Dernier Chance consists of discontinuous lenses of massive pyrrhotite +/- chalcopyrite up to 0.6 metres in width and 1.0 metres in length.

Channel sample results from the current program are expected by the end of November. These results, together with the encouraging geophysical results obtained to date, will assist in the delineation of targets for drill testing in 2007.

As at September 30, 2006, the Mouchalagne Property consisted of 58 claims (3,062 hectares), and an additional thirty claims contiguous to the property have been applied for.

Expenditures on the Mouchalagane Property to September 30, 2006 totaled \$406,464, of which \$270,552 were incurred during the third quarter. A further \$25,000 is now projected to be spent during the fourth quarter ending December 31, 2006.

## **Brabant Lake Zinc Property**

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.

Prior to the Company's acquisition of the property, the most recent phase of work on the Brabant Lake Zinc deposit was completed by Phelps-Dodge Canada (PDC) in 1992-1994. PDC drilled 11 diamond drill holes (3,043 metres in aggregate) and initiated a compilation and re-interpretation of all the drilling completed on the deposit to that point in time.

On October 12, 2006, the Company announced that it had received the NI 43-101 Technical Report from MPH Consulting Ltd. on the Brabant Lake zinc deposit. Manicouagan did not undertake a resource calculation of its own. However, MPH was of the opinion that the entire resource consisting of some 4,858,000 tonnes grading 5.19% zinc, 0.57% copper, 0.28% lead, 22.59 g/t silver and 0.22 g/t gold, as determined by PDC in 1994, can be classified as an inferred resource as defined by the CIM Standards on Mineral Resources and Reserves.

MPH concluded that the PDC resource estimate was based on a total of 43 holes at a nominal spacing of 50 metres and used a database consisting of coded data which reflects the actual drill logs and assay data and that the resource was estimated using the polygonal method in plan view with a 2% cut-off, a minimum true width of 3.0 m and Specific Gravity of 3.0. Although the resource estimate in 1994 did not attempt to identify inferred or indicated resources the well documented and systematic approach employed by PDC was sufficient to categorize the resources as inferred within the context of current NI 43-101 requirements.

MPH further concluded that the Brabant Lake property hosts a significant base metal deposit which is open down plunge and that there is excellent potential to significantly increase the size of the mineral resource. A substantial (\$725,450) Phase 1 work program, consisting largely of drilling and down-hole geophysics, was recommended to verify higher grade portions of the deposit as well as to follow-up on the projected down-plunge extension of the deposit.

A 35 kilometre cut-line grid has been established over the area of the deposit and the Company has engaged Patterson Geophysics of La Ronge, Saskatchewan to commence ground geophysical work consisting of HLEM (horizontal loop electromagnetic) and magnetometer surveys.

On November 6, 2006, the Company announced that it had signed a drilling contract with Major Drilling of Winnipeg, Manitoba and had commenced drilling at its Brabant Lake zinc deposit. The planned Phase 1 program is designed to verify higher grade portions of the deposit as well as to follow-up on the projected down dip extension of the deposit.

The program is expected to take approximately six weeks to complete and assay results of drill core will be made available on an on-going basis.

Phase 1 drilling will consist of eight diamond drill holes ranging from 295 to 745 metres in depth for an expected total of 4,200 metres of NQ sized core drilling. Casing will be left in holes to facilitate down-hole pulse EM surveys to be completed at the end of the Phase I drill program. These surveys will assist in developing drill targets for Phase II drilling planned for early 2007.

Expenditures on the property to September 30, 2006 totaled \$62,048. A further \$791,000 is now projected to be spent during the fourth quarter ending December 31, 2006.

### **Lac Mauge Copper-Silver Property**

On July 28, 2006, the Company acquired the Lac Mauge Copper-Silver property in the Dunphy-Romanet Lakes area of the central Labrador Trough region of Quebec from the Labrador Silver Syndicate (LSS). The property initially consisted 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 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 Lac Mauge property.

As at September 30, 2006, the Lac Mauge property consisted of 88 map designated claims (4,225 hectares). Subsequent to quarter end, additional claims have been acquired, bringing the total to 558 map designated claims (26,786 hectares), and an additional 138 map designated claims (6,600 hectares) have been applied for.

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.

In view of the geological environment and the potential for large tonnage sedimentary-hosted deposits, the Company has acquired an additional 608 claims covering approximately 292.50 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 608 map designated claims falling outside of the 10 km area of interest.

The regional helicopter-borne electromagnetic and magnetic survey, completed in late August, consisted of a total of 3,649 line kilometres at 300-metre line spacing. An additional 600 line kilometres of 100 metre in-fill survey was completed over areas of specific interest. The initial line spacing was purposely coarse, designed to search for large sedimentary-hosted copper deposits. In-fill flying provided detail in areas where the 300-metre survey yielded positive results. A total of approximately 100 anomalies consisting of either discrete conductors and/or conductive trends with coincident or offset magnetic associations were delineated. The latter feature may reflect an oxidation-reduction boundary that may control mineral deposition, a common feature of sedimentary hosted copper mineralization.

Following encouraging results obtained during the July field program (including a channel sample taken from trench 2006-1 on the Lac Mauge copper-silver zone that averaged 132 g/t silver, 0.86% copper over 4.85 metres), an additional 30 map designated claims were located to protect the presumed strike extension of the Lac Mauge mineralized stratigraphy which has an overall strike length in excess of three kilometres.

Field work at Lac Mauge was conducted in September. Field work to date has focused on prospecting high priority geophysical targets particularly those proximal to known showings or mineralized boulders.

Sulphide mineralization visually similar to the mineralization at Lac Maugue in bedrock and/or boulders proximal to airborne conductors has been identified and sampled. Assay results are expected to be available by early November. It is anticipated that some targets will require detailed ground geophysics to determine drill targets.

At the end of the second quarter, management budgeted exploration expenditures for the balance of the year at \$900,000 of which \$828,338 has been incurred by September 30, 2006. A further \$70,000 is projected to be incurred during the fourth quarter ending December 31, 2006.

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 August 31, 2006, the Company announced that it had retained the services of Grove Communications Inc., a Toronto based firm providing corporate communications services for companies at various stages of development, specializing in the mining industry, to provide investor relations services for the Company. Grove Communications will assist Manicouagan Minerals in developing and managing the Company's corporate communications strategy and marketing plan. Manicouagan Minerals granted 100,000 options on its common shares with an exercise price of 20 cents and a term of one year as part of the compensation payable to Grove.

Manicouagan announced on October 23, 2006 that it had closed on October 20 a \$1.5 million private placement with the MineralFields Group, at an amended price of \$0.15 per unit. Each unit consisted of one flow through common share of Manicouagan and one-half a common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of Manicouagan at a price of \$0.30 per share for a period of twelve months and will expire on October 20, 2007.

In connection with the private placement, Manicouagan paid Limited Market Dealer Inc. a cash finder's fee equal to 5 percent of the gross proceeds and issued non-transferable finder's fee options equal to 8 percent of the units subscribed for at the amended unit price of \$0.15. The finder's fee options have a term of 24 months and will expire on October 20, 2008. Each finder's fee option entitles the holder, upon exercise thereof, to one common share of Manicouagan, and a one half a common share purchase warrant, each whole warrant entitling its holder to acquire one common share of Manicouagan Minerals Inc. at a price of \$0.30 per share for a period of 24 months and will expire on October 20, 2008.

Manicouagan will use the funds for continued exploration on its Canadian properties, primarily in Saskatchewan and Quebec.

On November 6, 2006, the Company approved the issuance of 1,140,000 options under the Company's Stock Option Plan. These options were granted to directors, officers, consultants and an employee of the Company, and are exercisable into common shares of the Company at a price of \$0.15 per share for a period of five years from the date of the grant.

## Selected Financial Results

	Third Quarter 2006	Second Quarter 2006	First Quarter 2006	Fourth Quarter 2005
Income	\$19,376	\$26,736	\$34,553	\$28,090
Net loss	\$236,418	\$321,175	\$207,739	\$125,408
Net loss per share	\$0.00	\$0.00	\$0.00	\$0.00
	Third Quarter 2005	Second Quarter 2005	First Quarter 2005	Fourth Quarter 2004
Income	\$35,836	\$46,001	\$26,751	\$70
Net loss	\$85,737	\$181,253	\$547,743	\$380,862
Net loss per share	\$0.00	\$0.00	\$0.01	\$0.01

## 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.

	Third Quarter 2006	Second Quarter 2006	First Quarter 2006	Fourth Quarter 2005
Working Capital	\$2,508,182	\$3,677,282	\$5,089,778	\$5,897,657
Total Assets	\$10,336,646	\$10,371,049	\$10,671,412	\$10,593,465
Exploration Costs	\$1,527,580	\$1,232,022	\$870,717	\$1,214,962
Proceeds from stock issuances	-	-	-	\$1,500,000
	Third Quarter 2005	Second Quarter 2005	First Quarter 2005	Fourth Quarter 2004
Working Capital	\$5,680,532	\$6,582,326	\$8,079,662	\$4,602,441
Total Assets	\$9,763,387	\$9,846,587	\$9,854,005	\$6,113,073
Exploration Costs	\$1,736,104	\$1,364,894	\$382,879	\$76,442
Proceeds from stock issuances	-	-	\$4,525,000	\$5,526,800

For the quarter ended September 30, 2006, the Company incurred a net loss of \$236,418 compared to a net loss of \$85,737 for the corresponding period in 2005. Of the loss incurred in the 2006 third quarter, the bulk of the costs related to management fees, professional fees and cost of mineral properties abandoned.

For the nine month period ended September 30, 2006 the Company incurred a net loss of \$765,332 compared to a net loss of \$814,733 for the corresponding period in 2005. As in the third quarter comment above, the year-to-date loss for 2006 is primarily related to management fees, professional fees, and cost of mineral properties abandoned. The year-to-date loss for 2005 includes \$291,654 for stock-based compensation costs.

### **Liquidity and Capital Resources**

The Company, currently debt free, had a working capital position of \$2,508,182 on September 30, 2006 compared to \$5,897,657 on December 31, 2005. Of this amount, \$104,366 is required to be spent prior to December 31, 2006 to meet the Company's flow-through exploration obligations compared to \$3,131,388 at the end of 2005. As at September 30, 2006, included in the working capital position, the Company had amounts receivable totaling \$1,138,657 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 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, \$6,025,000 in 2005 and an additional \$1,500,000 in October, 2006.

The Company believes that the current working capital at September 30, 2006 of \$2,508,182, subsequently increased by net cash proceeds of \$1,425,000 from the October 2006 flow through share issue, 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 two lease commitments for office space which expire on February 28, 2007 and on September 30, 2009. The aggregate commitment under these leases is \$158,713 payable as follows:

2006	\$11,105
2007	\$54,630
2008	\$53,130
2009	\$39,848

Apart from the above lease arrangements, 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 September 30, 2006, the Company concluded transactions with companies controlled by directors and/or officers totaling \$79,900 (September 30, 2005: \$58,400). These transactions, which occurred in the normal course of business and which were measured at the exchange amount, relate to exploration costs as to \$4,800 (2005: \$26,000) and management fees as to \$75,100 (2005: \$32,400). As at September 30, 2006, an amount of \$16,634 (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.

The Company has not finished evaluating the effect of applying these new sections.

## **Outstanding Share Data**

As of November 22, 2006, the following were outstanding:

- |                 |            |
|-----------------|------------|
| • Common Shares | 95,551,998 |
| • Stock Options | 6,415,000  |
| • Warrants      | 24,070,659 |

## **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.