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

For the Period Ended March 31, 2007

This Management's Discussion and Analysis ("MD&A") is intended to supplement the consolidated financial statements and notes of Manicouagan Minerals Inc. (the "Company" or "Manicouagan") thereto for the period ended March 31, 2007 and compares the financial results of the first quarter of 2007 with those of the comparative quarter in 2006. This MD&A is dated as of May 24, 2007 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 audited consolidated financial statements, can be reviewed on the SEDAR website (www.sedar.com).

All figures and discussions presented in this MD&A reflect the consolidated figures and plans of the Company and its subsidiary, Manicouagan Resources Inc., except where otherwise noted. On December 31, 2006, Manicouagan Resources Inc. and Manicouagan Minerals Inc. amalgamated under the corporate name of Manicouagan Minerals Inc.

Overview

Manicouagan Minerals Inc. is a Canadian-based exploration company which currently holds four base metal projects in Saskatchewan and Quebec. Exploration programs are ongoing on all properties. The Company expects to acquire additional properties as attractive opportunities are identified.

Project Activity

Mineral Properties	Location	Interest	Area
Brabant Lake	Brabant Lake, Saskatchewan	100% - mining lease	4.11 km²
		(21 claims)	
Mouchalagane	Mouchalagane River, Quebec	100% (293 claims)	154.64 km²
Lac Maugue	Dunphy-Romanet Lake, Quebec	100 % (654 claims)	313.50 km²
Manicouagan	Rene-Levasseur Island, Quebec	100% (1,458 claims)	789.32 km²

Brabant Lake Zinc Property

The property, acquired in June of 2006, consists of 21 contiguous claims registered as ML 5054 covering an area of approximately 4.11 km² and is located immediately east of Highway 102 some 175 km from the all-services community of La Ronge, Saskatchewan.

Manicouagan purchased a 100% interest in the property in return for a one-time payment of $300,000 to Longyear Canada, ULC. The property is not subject to any third party royalties.

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, dated September 15, 2006, 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 metres and Specific Gravity of 3.0. Although the resource estimated 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 (the full dimensions of which have not yet been determined) 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.

Subsequently, the Company retained Durama Enterprises Limited of La Ronge, Saskatchewan to re-establish a 35 kilometre cut-line grid over the area of the deposit and engaged Patterson Geophysics of La Ronge, Saskatchewan to complete ground geophysical surveys of the grid area. Ground geophysical surveys consisted of HLEM (horizontal loop electromagnetic), VLF (very low frequency electromagnetic) and magnetometer surveys. Survey results confirmed the subsurface (uppermost portion) extent of the deposit within the re-established grid area.

Diamond drilling on the Brabant Lake property commenced in early November 2006 and is ongoing. By March 1, 2007 eleven holes have been drilled for a total, in aggregate, of 4,086.24 metres. Brabant Lake deposit mineralization occurs in two main zones referred to as the Upper and Lower zones. The zones strike northeast (grid north) and dip moderately to the northwest. They are typically less than 10 metres in thickness and are subparallel.

In February 2007, Crone Geophysics completed down-hole pulse electromagnetic (DHPEM) surveys of holes drilled to date as well as certain Phelps Dodge drill holes. The DHPEM survey encountered a number of blocked holes. In the holes surveyed, a number of in-hole, edge-of-hole and probable off-hole conductors were detected. Edge and off-hole conductors constitute priority drill targets. Extensions to holes BR-07-06 (84.0 metres) and BR-07-10 (117.0 metres), which were completed to test conductors detected by down-hole geophysics, beyond the end of the original holes, did not encounter significant mineralization.

Drilling results to May 17, 2007 are summarized in the table below.

Hole ID	Zone ID	From	To	Length (m)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Au (g/t)
BR06-01	Upper	363.66	369.12	5.46	6.43	0.44	0.03	21.23	0.14
	Lower	400.94	407.10	6.16	17.64	0.77	0.60	59.02	0.19
BR06-02	Upper	348.36	355.58	7.22	0.38	0.96	0.05	18.55	0.17
BR06-03	Upper	259.13	264.21	5.08	8.25	0.88	0.03	22.81	0.21
	Lower	297.05	300.85	3.80	19.30	0.95	0.03	37.06	0.22
BR06-04	Upper	210.36	213.51	3.15	10.91	0.62	0.03	15.96	0.01
	Lower*	218.78	228.38	9.60*	11.98	0.88	0.09	29.36	0.03
	**including*	*224.55*	*228.38*	*3.83*	*24.52*	*0.92*	*0.00*	*18.33*	*0.01*
BR06-05	Abandoned	Replaced with BR-07-08 below							
BR06-06	Upper	324.90	329.47	4.57	2.26	0.62	0.17	31.16	0.13
	Lower*	362.10	364.45	2.35	8.62	1.27	0.28	59.98	0.26
	**including*	*362.10*	*362.88*	*0.78*	*17.1*	*0.72*	*0.03*	*35.00*	*0.00*
BR06-07	Upper	293.07	296.64	3.57	5.80	1.30	0.50	44.40	0.11
	Lower*	344.11	348.05	3.94	2.15	0.19	0.32	62.14	0.65
	**including*	*345.36*	*345.72*	*0.36*	*19.30*	*0.20*	*0.06*	*10.00*	*0.00*
BR07-08	Upper	234.69	239.38	4.69	5.54	0.72	0.10	20.60	0.03
	Lower*	265.04	278.20	13.16	9.70	0.61	0.03	18.75	0.07
	**including*	*265.04*	*268.36*	*3.32*	*22.91*	*0.85*	*0.01*	*23.05*	*0.10*
	**including*	*275.08*	*278.20*	*3.12*	*11.50*	*0.79*	*0.01*	*19.46*	*0.07*
	Footwall	278.20	291.76	13.56	3.23	0.55	0.84	52.58	0.15
BR07-09	Upper	295.04	295.80	0.76	13.91	1.21	<0.01	25.00	0.27
BR07-10	N.A.	532.14	532.73	0.59	2.02	1.27	0.03	35.00	<0.03
	N.A.	574.10	574.20	0.20	10.4	0.04	<0.01	7.70	<0.03
BR07-11	Upper	317.49	327.48	9.99	2.93	0.33	.08	12.22	0.08
	Lower	370.83	377.00	6.17	15.76	0.78	0.05	33.00	0.17
BR07-12A	Upper	224.63	227.21	2.58	7.40	1.13	0.05	25.87	0.07
	Lower	236.70	246.25	9.55	7.40	0.60	0.07	20.06	0.17
BR07-13	Upper	247.40	258.30	4.51	3.48	1.16	0.46	51.90	0.73
	Lower	296.27	306.24	9.97	4.05	0.80	0.79	43.14	0.10
	Footwall	306.96	313.32	6.36	2.50	0.51	2.81	132.89	1.11
BR07-14	Upper	300.51	302.25	1.74	8.51	0.31	0.11	26.95	0.12
	Lower	338.98	342.12	3.14	10.91	1.87	0.06	63.31	0.12
BR07-15	Upper	197.27	205.86	8.59	7.12	0.65	0.04	17.77	0.01
	Lower	211.54	218.23	6.69	3.25	1.79	0.00	38.60	0.12
	Lower	223.88	224.99	1.11	24.43	0.13	0.00	5.20	0.14
	Lower	229.65	231.65	2.00	5.49	0.53	0.12	27.32	0.00
BR07-16	Upper	291.89	293.64	2.84	8.92	1.01	0.13	35.55	0.15
	Lower	330.60	339.10	8.50	3.91	0.52	2.70	112.00	0.38
BR07-17	Upper	153.81	154.21	0.40	5.32	7.42	0.05	148.00	0.05
	Lower	157.62	165.91	8.29	7.70	0.55	0.20	17.37	0.00
BR07-18	Upper	212.35	213.05	0.70	6.61	0.54	0.09	29.71	0.01
	Lower	239.05	250.25	11.20	8.19	0.68	0.09	29.71	0.00
	Footwall	250.53	256.88	6.35	1.96	0.58	2.11	177.42	2.74
BR07-19	Upper	231.95	235.00	3.05	4.59	0.16	0.07	2.53	0.00
	Lower	263.34	270.27	6.93	15.88	0.72	0.35	63.57	0.11
BR07-20	Upper	250.73	253.85	3.12	3.31	0.22	0.13	11.62	0.04
	Lower	271.72	275.86	4.14	6.28	0.83	1.38	43.77	0.08
		271.72	275.86	4.14	6.28	0.83	1.38	43.77	0.08

Drilling has focused on exploring for Lower Zone mineralization which based on results available for the first 20 holes (BR-06-01 to BR-07-20, inclusive) assays 9.40% Zn over 6.43 metres. Management is of the opinion that the higher grade Lower Zone offers the most potential in terms of discovering additional resources. Furthermore the Lower Zone offers the best opportunity for adding to and thereby increasing the overall average grade of the existing resource.

Expenditures on the property during the first quarter of 2007 totaled $743,792.

For 2007, the Company plans to expend a total of approximately $3.6 million on the property. An exploration/delineation resource program has been established, focused on proving up and adding to existing resources in the central portion of the deposit which is thicker (>5 metres massive sulphides) and of potentially higher grade.

Going forward, the Company plans to explore the property with the goal of establishing a recalculated resource in late 2007 or early 2008.

Mouchalagane Nickel/Copper/PGE Property

The property, acquired in April of 2006, originally consisted of 58 map designated claims, covering an area of 30 km² located approximately 350 km north of Baie-Comeau, Quebec. The claims are located some 80 km northwest of the Company's Manicouagan Project. The Company acquired a 100% 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. An additional 30 claims were map staked to create a buffer around the original property and further 205 additional claims have been map staked in the first quarter of 2007 to secure what is considered to be prospective stratigraphy along strike.

A field camp and 30 km line grid were initially established to facilitate additional prospecting (beep map surveys, blast hole sampling), geophysical surveys (HLEM and magnetometer surveys) as well systematic geological mapping, rock and soil sampling of an area considered to be prospective, as determined by previous prospecting and sampling activities completed by the vendor of the property.

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 consisted 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).

Detailed follow-up work by the Company focused principally on the Bob and Bob East showings and 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. Outcrop stripping at the Bob showing over an area of approximately 300 m² exposed the main part of the Bob showing over a cumulative strike length of 60 metres. Forty-one channel samples were obtained over a cumulative length of 83.3 metres. Individual channel samples ranged between 0.35 and 1.3 metres in length and composited intervals ranged between 0.5 and 5.4 metres in length. The best assay in absolute value terms is channel sample no. 8, which assayed 25.90 grams per tonne palladium, 3.7 grams per tonne platinum, 2.33 % copper and 3.21 % nickel over 0.5 metres. Other significant assays (channel samples with greater than 10 grams per tonne combined platinum and palladium) are listed below.

Channel No.	Palladium g/t	Platinum g/t	Copper %	Nickel %	Cumulative Length (m)
BOB-13	13.75	3.28	0.74	2.44	1.94
BOB-14	10.63	2.59	1.32	1.87	1.80
BOB-26	10.00	0.96	0.65	1.10	2.90
BOB-28B	10.00	0.84	0.12	0.15	1.35
BOB 30	7.19	3.30	1.18	2.69	0.75

The Bob East showing, located 45 metres grid east of the main Bob showing also returned significant assay results. The showing consists of a stripped and power washed area of some 40 m². A total of 10 channel samples were obtained from sulphide mineralization exposed at the showing. Results are comparable to samples from the Bob showing. Many samples returned more than 2% nickel with significant amounts of palladium and platinum. The best assay in terms of absolute value is sample 39821 (from channel sample Bob East 8) which assayed 2.98% nickel, 0.18% copper, 5.82 grams per tonne palladium and 3.04 grams per tonne platinum over 1.67 metres. Complete Bob East channel sample results are set out below.

Channel No.	Palladium g/t	Platinum g/t	Copper %	Nickel %	Cumulative Length (m)
Bob East 2	5.83	2.43	0.62	2.09	2.00
Bob East 3A	6.40	2.72	0.13	2.27	0.85
Bob East 3B	8.37	2.16	0.77	1.84	0.50
Bob East 4	11.60	2.25	1.95	2.26	1.20
Bob East 4	3.49	1.30	0.85	1.08	1.90
Bob East 5	5.08	1.33	2.22	1.32	2.50
Bob East 6	4.79	1.20	0.25	1.18	1.19
Bob East 7	1.55	0.42	0.10	0.50	0.90
Bob East 8	5.82	3.04	0.18	2.98	1.67
Bob East 9	7.89	2.69	0.66	2.41	3.10

Channel sample results for the Feu, Dernier Chance and the Corbeau showings returned anomalous values. All results have been incorporated into an updated channel sample assay table found on the Company's website www.manicouaganminerals.com together with an updated property map and detailed geological maps of the showings.

The Bob and Bob East showings are directly associated with two, east striking short strike length EM conductors which in themselves constitute attractive drill targets. Most significantly a strong 1st priority east striking, 400 metre long EM conductor is situated just 200 metres south of the Bob showing and a number of other conductors of similar strike length are extant within the grid area which also constitutes potential drill targets.

The Mouchalagane property is a priority exploration target for the Company, and a budget of approximately $1.1 million has been established for the 2007 exploration program. The Company has entered into agreements with a diamond drilling company and a helicopter services company and plans are to commence Phase I drill testing of prospective targets within the limits of the current grid area in the early summer of 2007 as well as expand the existing grid area to evaluate known airborne electromagnetic conductors which have not been evaluated by ground geophysical surveys. Recently acquired claims will also be the subject of reconnaissance exploration activities, including prospecting and sampling, to define additional areas of interest.

Expenditures on the Mouchalagane Property during the first quarter of 2007 totaled $14,688.

Lac Maugue Copper-Silver Property

On July 28, 2006, the Company acquired the Lac Maugue 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 (42.25 km²) situated near Lac Maugue 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 cash payment of $50,000 and the issuance of an additional 500,000 shares one year from closing in order for Manicouagan to keep a 100% interest in the property subject to a 3% Net Smelter Return (NSR) royalty of which 2/3 of the 3% NSR may be bought out for $2,000,000.

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 also acquired concurrent with the acquisition of the original 88 claim property, an additional 470 claims covering approximately 225.18 km² by way of map designation. These claims secured selected areas of geological interest which were considered to have potential to host sedimentary hosted copper-silver deposits similar to the occurrences at Lac Maugue. The majority of these claims lie within the 10 km Area of Interest created by the agreement with the LSS. Manicouagan Minerals also granted to the LSS a one-time 1% NSR royalty in respect of the portion of those additional 470 claims which fall outside of the 10 km Area of Interest.

A regional helicopter-borne frequency-domain electromagnetic and magnetic survey, completed in late August by Fugro Airborne Surveys, consisted of a total of 3,649 line km at 300-metre line spacing. An additional 600 line km 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.

Fieldwork completed by MPH Consulting Limited, on behalf of Manicouagan Minerals, including evaluation of field prospecting, mapping and sampling activities completed during July to September, 2006, was integrated with results of the aforementioned Fugro Airborne Surveys magnetic and frequency-domain electromagnetic airborne geophysical survey. These results identified a number of targets for follow-up. Additionally, assessment file research completed by Manicouagan indicated that the Lac Maugue area was identified as an area of geological interest by uranium exploration groups in the 1970s. In 1978, Conwest Canadian Uranium Exploration reported mineralized boulders assaying up to 2.35% $U_3 0_8$ in the Why Lake area of the Lac Maugue property. Pursuant to the provisions of NI-43-101, it should be noted that this assay has not been confirmed by a geologist on behalf of Manicouagan and as such should not be relied upon. Given renewed interest in uranium exploration in the Central Labrador Trough, additional claims were also map staked to secure areas considered prospective for uranium mineralization.

The Lac Maugue copper-silver occurrence and its strike extension is the principal and highest priority target of interest. Channel samples of dolostone/siltstone mineralized with chalcopyrite, bornite and malachite from bedrock trench 2006-1 located 97 metres northwest of trench 93-5 along the Lac Maugue copper-silver zone averaged 132 g/t silver, 0.86% copper over 4.85 metres. Included in this channel sample is a 1.0 metre section that assayed 237 g/t silver, 1.50% copper.

The second high priority target of interest comprises the Why Lake area which is considered prospective for uranium mineralization based on assessment file reports.

Other targets for follow up consist of the Two Hat and One Paddle lake areas where minor zinc, lead and copper (± silver) and lead-zinc (± gold) mineralization in boulders and outcrop was encountered as well as known copper showings in the North Copper and Lac Romanet West areas. All of these areas are associated with conductive airborne geophysical anomalies which constitute potential targets of interest warranting further exploration.

Work at Lac Maugue planned for the summer of 2007 will consist of establishing a cut line grid over the Lac Maugue copper-silver showings and presumed extensions as evidenced by conductivity contrast trends apparent on results obtained from the helicopter-borne electromagnetic and magnetic survey. A 52 line km gradient array Induced Polarization (IP) survey is planned to evaluate prospective trends over a strike length of approximately 3 kilometres. Initially gradient array IP will be completed on lines 200 metres apart with IP section coverage done on every second line. This work in conjunction with detailed surface prospecting, mapping and geochemical sampling is aimed at defining potential drill targets for drill testing in early 2008.

IP and detailed prospecting, mapping and geochemical sampling are planned for the North Copper and Lac Romanet West showings. Additional prospecting and sampling is planned for the One Paddle and Two Hats lake areas.

An airborne radiometry (including magnetics and electromagnetics) survey is planned for the Why Lake area including the additional 169 map staked claims.

During the course of the 2006 exploration season and during the first quarter of 2007, additional claims were also staked and as at March 31, 2007, the Lac Maugue property consisted of a grand total of 823 map designated claims (including 169 titles pending) covering an area of approximately 400 km².

Expenditures on the property during the first quarter of 2007 totaled $35,626.

For 2007, the Company plans an initial budget of approximately $485,500 on the property. Work will consist of contract line cutting services and a five person IP/geological crew to define drill targets for the first quarter of 2008.

As at March 31, 2007 discussions with airborne and ground geophysical contractors were in progress and agreements concerning airborne and ground geophysical services were being negotiated.

Manicouagan Project

Currently the project consists of 1,458 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 $50.

During 2006 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 to assist placing the geophysical and diamond drilling results in a regional context.

Exploration results for the period 2003 – 2006 were reviewed, compiled and collated. Although previous efforts focused on what were considered to be high priority targets, the Company has drilled only 20 holes for a total of 13,045 metres within the crater area, which is over 65 km in diameter and there remain many unexplored targets. All proprietary geophysical data was compiled and provided to a third party geophysical contractor who has been retained to reprocess regional and detailed airborne datasets, complete detailed lithological and structural interpretation over the entire structure to identify favorable targets for follow-up and initiate 3D modeling of selected anomalies.

After Sudbury, the Manicouagan Impact Structure (MIS) is the second largest impact structure in North America and the fourth largest in the world. The Company believes that the project continues to have merit as a conceptual high risk – high reward exploration venture. Additional expenditures are warranted to extract as much value as possible from proprietary geophysical data, to develop additional drill targets using sophisticated geophysical processing and modeling techniques. In efforts to expand the exploration work on the property, the Company announced, on February 26, 2007 that it is seeking a joint venture partner to participate in continued exploration of the MIS.

In the first quarter of 2007, the Company expended an aggregate of $38,107 on the Manicouagan Project.

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.

Generative Activities

The Company undertook assessment file research of known base metal showings in the Province of Saskatchewan in order to identify potential sites for acquisition at a cost of $9,973. Six showings of interest were identified and staked at a cost of $43,306. The Company plans to investigate these showings in the field to determine which showings warrant further work.

Risk Factors

There are many risk factors facing companies involved in the mineral exploration industry. Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all of the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are those which are most applicable to the Company.

- Industry and Mineral Exploration Risk

  Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's four projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of management, as well as the level of geological and technical expertise and the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

  The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. The Company attempts to balance this risk through insurance programs where required and ongoing risk assessments conducted by its technical team.

- Commodity Prices

  The Company is in the business of metals exploration and as such, its prospects are largely dependent on movements in the price of various metals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

- Environmental

  Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental standards continue to evolve and the trend is to a longer, more complex and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Corporate Activity

On March 27, 2007, the Company completed a brokered private placement for gross proceeds of $6.2 million. Pursuant to this private placement, the Company issued 17,637,000 flow-through common shares at a price of $0.24 per share, and 11,056,000 units of securities of the Company at a price of $0.18 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of $0.23 any time up to March 27, 2009, provided that if the common share price closes at or above $0.60 for twenty consecutive trading days, the warrants may be callable for exercise by the Company on a twenty-day notice.

In connection with this brokered private placement, the Company paid a cash commission of $457,434 and issued broker warrants entitling the holder to purchase up to 2,113,758 common shares. Each broker warrant entitles the holder to acquire one common share at an exercise price of $0.18 any time up to March 27, 2009.

All securities issued in the private placement are subject to a four-month hold period expiring on July 27, 2007.

During the first quarter of 2007, 82,500 common shares were issued upon the exercise of 82,500 broker warrants, for proceeds totaling $12,375. Furthermore, on April 18, 2007, 106,500 additional common shares were issued upon the exercise of 106,500 broker warrants, for proceeds totaling $15,975.

The finder's fee option granted in conjunction with the 2006 financing was also exercised. For proceeds totaling $120,000, the Company issued 800,000 common shares and 400,000 common share purchase warrants; each warrant entitling the holder to acquire one share of the Company at a price of $0.30 per share, exercisable up to October 20, 2008.

On April 12, 2007, the Company approved the issuance of 2,055,000 stock options under the Company's Stock Option Plan. These options were granted to directors, officers and an employee of the Company at an exercise price of $0.18 per share for a period of five years. Vesting periods for these options are as follows: 1,1170,00 vest immediately, 25,000 vest in one year from the date of grant, and 860,000 vest equally over a three-year period from the date of grant.

On May 18, 2007, the Company completed a non-brokered private placement with SIDEX s.e.c. for gross proceeds of $300,000. Pursuant to this private placement, the Company issued 1,666,667 units of securities of the Company at a price of $0.18 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of $0.23 any time up to May 18, 2009, provided that if the common share price closes at or above $0.60 for twenty consecutive trading days, the warrants may be callable for exercise by the Company on twenty-day notice.

In connection with this non-brokered private placement, the Company paid a cash commission of $9,000 to SIDEX s.e.c.. In addition, the Company paid a cash commission of $6,000 to a third party as a result of an agreement entered into in connection with the brokered private placement closed on March 27, 2007.

Summary of Quarterly Results

	First Quarter 2007	**Fourth Quarter 2006**	**Third Quarter 2006**	**Second Quarter 2006**
Interest income	$16,993	$17,589	$19,376	$26,736
Loss	$278,854	$298,221	$236,418	$321,175
Loss per share	$0.00	$0.01	$0.00	$0.00

	First Quarter 2006	**Fourth Quarter 2005**	**Third Quarter 2005**	**Second Quarter 2005**
Interest income	$34,553	$28,090	$35,836	$46,001
Loss	$207,739	$125,408	$85,737	$181,253
Loss per share	$0.00	$0.00	$0.00	$0.00

For the quarter ended March 31, 2007, the Company incurred a loss of $278,854 compared to a loss of $207,739 for the comparative period in 2006. Expenses for the first quarter of 2007 related principally to management fees of $90,700 (2006: $51,231), professional fees of $63,305 (2006: $46,559), and travelling and promotion of $50,037 (2006: $26,493). Interest income for the quarter amounted to $16,993 (2006: $34,553).

Related Party Transactions

During the quarter ended March 31, 2007, the Company concluded transactions with businesses controlled by directors and/or officers totaling $116,300 (2006: $45,031). These transactions, which occurred in the normal course of business and which were measured at the exchange amount, relate to management fees for $90,700 (2006: $33,231) and exploration costs for $25,600 (2006: $11,800). As at March 31, 2007, no amount (2006: $51,291) was owing to related parties.

Critical Accounting Estimate

The Company has not yet determined whether the projects contain economically recoverable reserves. The recoverability of the $8,482,751 net carrying value of the projects at March 31, 2007 is dependent upon the ultimate confirmation of economically recoverable reserves, the ability of the Company to obtain necessary permits, financing to complete the development and future profitable production therefrom or alternatively upon the Company's ability to dispose of its interests in the mineral properties on an advantageous basis.

Changes in future conditions could require material write-downs of the projects.

Critical Accounting Policies

Credit on duties refundable for loss and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for loss on mineral exploration expenses incurred in the Province of Quebec at the rate of 12%. This tax credit has been applied against the costs incurred.

Furthermore, the Company is entitled to the refundable tax credit for resources on qualified expenditures incurred after March 29, 2001. The refundable tax credit may reach 35% or 38.75% of qualified expenditures incurred. This tax credit has been applied against the costs incurred.

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 or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some of the future income tax assets will not be realized.

New Accounting Standards

On January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants:

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

This section requires that:

- All financial assets be measured at fair value, with some exceptions such as loans and investments that are classified as held to maturity;

- All financial liabilities be measured at fair value if they are derivatives or classified as held for trading purposes. Other financial liabilities are measured at their carrying value;

- All derivative financial instruments be measured at fair value, even when they are part of a hedging relationship;

Section 3865 provides alternative treatments to Section 3855 for entities that 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.

The implementation of these new accounting standards had no significant effect on the Company's consolidated financial statements.

Financial Instruments

Fair value

The fair value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term maturity or to current market rates.

Interest rate risk

As at March 31, 2007 and December 31, 2006, the Company’s exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable interest rate
Amounts receivable	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

Off-Balance Sheet Agreements

There are no off-balance sheet agreements.

Liquidity and Capital Resources

	First Quarter 2007	Fourth Quarter 2006	Third Quarter 2006	Second Quarter 2006
Working Capital	$7,791,061	$3,174,400	$2,508,182	$3,677,282
Total Assets	$16,800,061	$10,972,131	$10,336,646	$10,371,049
Exploration costs	$871,251	$714,709	$1,527,580	$1,232,022
Proceeds from stock and warrant issues	$6,355,335	$1,532,792	-	-

	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 and warrant issues	-	$1,500,000	-	-

The Company, currently debt free, has a working capital position of $7,791,061 compared to $3,174,400 on December 31, 2006. Of this amount, $4,755,997 has been reserved for flow-through exploration obligations compared to $1,009,501 on December 31, 2006. As at March 31, 2007, the Company had amounts receivable totaling $1,381,801 (December 31, 2006: $1,338,009) which consist of commodity taxes receivable as well as tax credits refundable on allowable exploration costs.

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 and market conditions have allowed the Company to raise $6,355,335 in the first quarter of 2007, $1,532,792 in 2006 and $6,025,000 in 2005.

The Company completed a brokered private placement for gross proceeds of $6.2 million on March 27, 2007. The gross proceeds from the offering of the flow-through shares will be used for Canadian exploration expenses, which will be renounced in favour of the purchasers of the flow-through shares. The net proceeds from the offering of the Units in the private placement will be used for working capital. The Company may seek other alternatives for financing in 2007 depending on market conditions and exploration results; however, there can be no assurance that such financing attempts will be successful.

These funds, together with the current working capital, are expected to be sufficient to complete the Company's currently planned explorations plans for the year 2007.

Commitments

As at March 31, 2007, the Company was a party to two lease commitments for office space which expire on February 28, 2008 and on September 30, 2009. The aggregate commitment under these leases is $141,365, payable as follows:

2007	$46,827
2008	$54,686
2009	$39,852

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

Outstanding Shareholders' Equity Data

As of May 24, 2007, the following were outstanding:

• Common Shares	127,064,627
• Stock Options	8,345,000
• Warrants	11,361,333
• Broker Warrants	3,324,758

Disclosure Controls and Procedures

The Company's certifying officers, the President & CEO and the CFO, have designed and supervised control procedures over financial reporting and disclosure, which they believe provide reasonable assurance that material information is properly reported or disclosed in a timely manner. The officers believe that the Company's control procedures provide reasonable assurance that the accounts of the Company and the Company's interim consolidated financial statements for the period ended March 31, 2007 were prepared in accordance with generally accepted accounting principles. The officers are of the opinion that there were no changes in the first quarter of 2007 that have materially affected or are likely to materially affect the Company's internal control over financial reporting.

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.