

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

For the Period Ended June 30, 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") for the three and six month periods ended June 30, 2007 with comparatives for the same periods a year earlier. This discussion dated August 23, 2007 should be read in conjunction with the Company's December 31, 2006 annual MD&A and its audited financial statements and accompanying notes, which have been prepared in accordance with Canadian generally accepted accounting principles. The Company's public filings can be reviewed on the SEDAR website (www.sedar.com). All data provided in this MD&A should also be read in conjunction with the press releases issued during the quarter.

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

Overall Performance

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. The Company does not have any projects that generate revenue at this time. The Company's ability to carry out its business plan rests entirely on its ability to secure equity and other financings.

During the six month ended June 30, 2007, the Company completed two private placements and raised \$5,954,665 (net of issue costs of \$568,295).

Corporate Update

During the second quarter, Mr. Erik H. Martin was appointed Chief Financial Officer and Secretary in replacement of Mr. Arthur Hampson.

Exploration activities

Mineral Properties	Location	Current Interest	Area
Brabant Lake	Brabant Lake, Saskatchewan	100% - mining lease (21 claims)	4.11 km ²
Mouchalagane	Mouchalagane River, Quebec	100% (308 claims)	162.55 km ²
Lac Maugue	Dunphy-Romanet Lake, Quebec	100 % (802 claims)	313.50 km ²
Manicouagan	Rene-Levasseur Island, Quebec	100% (1,104 claims)	789.32 km ²

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.

Manitouagan 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. Manitouagan 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 had been drilled for a total of 4,086 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 sub-parallel.

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.

Phase I drilling (BR06-01 to BR07-20, inclusive) on the property was completed early in the second quarter of 2007. This expanded Phase I program, was completed at a cost of \$1,003,288 and incorporated 12 holes more than envisaged in the Technical Report. Current plans for Phase II are to drill an additional 2,000 to 5,000 more metres than proposed in the Technical Report. Phase II drilling commenced in early June with a planned program of approximately 30 to 40 holes totaling 12,000 to 15,000 metres. Complete Phase I and initial Phase II drilling results to July 18, 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
	Lower	259.13	264.21	5.08	8.25	0.88	0.03	22.81	0.21
BR06-03	Upper	297.05	300.85	3.80	19.30	0.95	0.03	37.06	0.22
	Lower	210.36	213.51	3.15	10.91	0.62	0.03	15.96	0.01
BR06-04	Upper	218.78	228.38	9.60*	11.98	0.88	0.09	29.36	0.03
	Lower*	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
BR06-07	Upper	362.10	362.88	0.78	17.1	0.72	0.03	35.00	0.00
	Lower*	293.07	296.64	3.57	5.80	1.30	0.50	44.40	0.11
BR07-08	Upper	344.11	348.05	3.94	2.15	0.19	0.32	62.14	0.65
	Lower*	345.36	345.72	0.36	19.30	0.20	0.06	10.00	0.00
BR07-09	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
BR07-10	Upper	265.04	268.36	3.32	22.97	0.85	0.07	23.05	0.10
	Lower*	275.08	278.20	3.12	11.50	0.79	0.01	19.46	0.07
BR07-11	Upper	278.20	291.76	13.56	3.23	0.55	0.84	52.58	0.15
	Lower	295.04	295.80	0.76	13.91	1.21	<0.01	25.00	0.27
BR07-12A	Upper	532.14	532.73	0.59	2.02	1.27	0.03	35.00	<0.03
	Lower	574.10	574.20	0.20	10.4	0.04	<0.01	7.70	<0.03
BR07-13	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
BR07-14	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
BR07-15	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
BR07-16	Upper	306.96	313.32	6.36	2.50	0.51	2.81	132.89	1.11
	Lower	300.51	302.25	1.74	8.51	0.31	0.11	26.95	0.12
BR07-17	Upper	338.98	342.12	3.14	10.91	1.87	0.06	63.31	0.12
	Lower	197.27	205.86	8.59	7.12	0.65	0.04	17.77	0.01
BR07-18	Upper	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
BR07-19	Upper	229.65	231.65	2.00	5.49	0.53	0.12	27.32	0.00
	Lower	291.89	293.64	2.84	8.92	1.01	0.13	35.55	0.15
BR07-20	Upper	330.60	339.10	8.50	3.91	0.52	2.70	112.00	0.38
	Lower	153.81	154.21	0.40	5.32	7.42	0.05	148.00	0.05
BR07-21	Upper	157.62	165.91	8.29	7.70	0.55	0.20	17.37	0.00
	Lower*	212.35	213.05	0.70	6.61	0.54	0.09	29.71	0.01
BR07-22	Upper	239.05	250.25	11.20	8.19	0.68	0.09	29.71	0.00
	Lower	250.53	256.88	6.35	1.96	0.58	2.11	177.42	2.74
BR07-23	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
BR07-24	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
BR07-25	Upper	184.00	188.20	4.20	3.50	0.53	0.06	12.97	<0.03
	Lower*	192.76	200.94	8.18	15.99	0.54	0.05	15.81	<0.03
BR07-26	Upper	192.76	196.80	4.04	23.34	0.48	0.07	12.24	<0.03
	Lower*	138.20	141.46	3.16	4.42	0.78	0.33	20.92	<0.03
BR07-27	Upper	143.60	151.31	7.71	4.98	0.38	0.07	8.21	<0.03
	Lower*	148.29	151.31	3.02	7.01	0.58	0.07	11.72	<0.03
BR07-28	Upper	272.00	279.50	7.50	1.32	0.35	0.27	21.15	<0.03
	Lower	273.00	274.55	1.55	5.30	0.40	0.19	17.52	<0.03
BR07-29	Upper	299.06	327.60	28.54	2.19	0.84	0.10	28.28	<0.03
	Lower	314.10	320.00	5.90	5.06	1.83	0.07	49.66	<0.03
BR07-30	Footwall	327.60	329.70	2.10	1.22	0.25	1.53	248.01	3.80

* Down-hole length approximately 85% true width

Phase I drilling focused on the exploration of Lower Zone mineralization which based on results available for the first 20 holes (BR-06-01 to BR-07-20, inclusive) assayed 9.40% Zn over 6.43 metres, roughly twice the grade of the Upper Zone. To date, 28 drill holes totaling 8,936 metres of diamond drilling has been completed on the property. Management is of the opinion that the higher grade Lower Zone offers the most potential in terms of discovering additional resources and offers the best opportunity for adding to and thereby increasing the overall average grade of the existing resource. Therefore the Phase II drilling program is designed to expand the limits of the Lower Zone which remains largely unexplored. Additionally, the Phase II program is also designed to facilitate the calculation of a new resource estimate of the deposit in late 2007 or early 2008.

On August 21, 2007 the Company announced that it had re-filed the Brabant Lake NI 43-101 Technical Report prepared by MPH Consulting Ltd. on SEDAR. The amended and revised technical report was amended and revised as of August 10, 2007 and has an effective date of September 15, 2006. The revision was made in order to clarify that the inferred resource is a current resource compliant with NI 43-101 requirements. In addition, the revised and amended report incorporates a summary of the results of the 28 drill holes completed by Manicouagan since September 15, 2006. The filing was made at the request of the Ontario Securities Commission as a result of a routine continuous disclosure review.

For 2007, the Company plans to expend a total of approximately \$3.6 million on the property. Expenditures on the property during the second quarter of 2007 totaled \$393,790. Total of expenditures for the six-month period ending on June 30, 2007 totaled \$1,137,582.

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.

On May 24, 2007 the Company announced that significant concentrations of up to approximately one gram per tonne of rhodium (Rh) and one gram per tonne ruthenium (Ru) were detected following assay for the entire suite of platinum group elements of a select number of channel samples (from the Bob showing) with significant concentrations of nickel, copper, palladium and platinum as previously reported by the Company of February 13, 2007 and December 7, 2006.

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. On July 18, 2007 the Company announced that Phase I diamond drilling work had commenced on the property with the initial focus being on the Bob and Bob East showings and nearby EM conductors. A minimum 2000 metre program is planned. In addition to diamond drilling surface exploration work is planned to investigate the area of known airborne conductors that were identified by the airborne THEM survey that was purchased by the Company from Soquem in 2006. An additional 75 km of cut and chained line is planned to expand the existing grid area by approximately 200%. Ongoing surface work includes boot and hammer and beep-mat™ prospecting as well as selected bedrock sampling. Ground geophysical surveys are planned for late September, 2007. Recently acquired claims will also be the subject of reconnaissance exploration activities which may include airborne geophysical surveys, prospecting and sampling to define additional areas of interest.

Expenditures on the Mouchalagane Property during the second quarter of 2007 totaled \$591,012. Expenditures for the six-month period ending on June 30, 2007 totaled \$605,700.

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 (42.25 km²) 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 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.

On August 2, 2007, the Company announced that that it had renegotiated the terms of its agreement with the LSS in respect of 88 claims that form part of Manicouagan's Lac Mauge Project. LSS has agreed to revise the timing of the final payment by accepting a payment of \$25,000 (paid), a further payment of \$25,000 on or before February 28, 2008 and the issuance of 500,000 shares in July 2008. In the event that the February 28, 2008 payment is not made or the shares not issued, Manicouagan will return the 88 claims to the LSS.

The Lac Mauge 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 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 Mauge. 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 Mauge 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% U₃O₈ in the Why Lake area of the Lac Mauge 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.

In addition to uranium, other targets of interest consist of the original Lac Mauge occurrence as well as the Two Hat and One Paddle lake areas. At Lac Mauge, there is a copper-silver occurrence and its strike extension. 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 Mauge 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. Mineralization was also observed in the Two Hat and One Paddle lake areas where minor zinc, lead and copper (\pm silver) and lead-zinc (\pm 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.

During the course of the 2006 exploration season and during the first quarter of 2007, additional claims were also staked and currently, the Lac Mauge property consists of a total of 802 map designated claims covering an area of 313.5 km.

Management believes the property's uranium exploration potential warrants immediate attention and resources in the current fiscal year will be directed towards assessing those areas believed to have the potential to host uranium mineralization. In this regard, the Company has contracted for an airborne radiometric survey (including magnetics and electromagnetics) to be flown over a portion of the project this summer. This survey will follow up on assessment file records in which Conwest Canadian Uranium Exploration reported in 1978 locating mineralized boulders assaying up to 2.35% U₃O₈ in the Why Lake area of the Lac Mauge project. 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. Surface exploration of base metal targets originally planned for the summer of 2007 is postponed until 2008.

Expenditures on the property during the second quarter of 2007 totaled \$44,580. Expenditures for the six-month period ending on June 30, 2007 totaled \$80,206.

For 2007, the Company plans an initial budget of approximately \$485,500 on the property. Work will consist of the airborne radiometric survey of the Why Lake area claims as well as the original 88 mineral claims under option from the LSS.

Manicouagan Project

Currently, the project consists of 1,104 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 Paterson, Grant & Watson Ltd, (PGW) a Canadian geophysical consulting company who was contracted by the Company to carry out an interpretation and target selection process of the available geophysical data covering Rene-Levasseur Island and the surrounding area of the Manicouagan Impact Structure (MIS). PGW incorporated both proprietary and public domain airborne geophysical data and produced a new structural/lithological interpretation of the study area. PGW paid particular attention to delineation of regional faults that traverse the MIS. A number of priority targets of interest have been identified. These targets have magnetic rather than conductive features which have been the focus of previous efforts. They consist of those areas where favorable structure, magnetic anomalies and known sulphide mineralization occurs. The majority of the targets are believed to be at intermediate exploration depths of 300 m with near vertical dips.

After Sudbury, the 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 and in an effort 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 second quarter of 2007, the Company expended an aggregate of \$21,620 on the Manicouagan Project. Expenditures for the six-month period ending on June 30, 2007 totaled \$59,727.

General Exploration

The Company undertook assessment file research of known base metal showings in the Province of Saskatchewan in order to identify potential properties 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 properties warrant further work.

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.

Results of Operations

For the six months ended June 30, 2007, the net loss for Manicouagan totaled \$687,835 compared to \$528,914 in 2006. The two most significant factors of this \$158,921 increase were: Firstly, an increase of \$129,647 in non-cash stock-based compensation (2007 - \$167,941 versus 2006 - \$38,294) related to the value assigned to the vested portion of the 2,665,000 options granted in the second quarter of 2007. Secondly, an increase in travel and promotion of \$55,294 (2007 - \$100,974 versus 2006 - \$45,680) as the Company increased its promotion activities and related travel costs. This was offset by a reduction of \$85,469 in tax on flow-through shares as the 2006 amount of \$88,172 includes a one time charge of \$51,946 related to a 2002 re-assessment of the tax payable and an amount of \$29,462 of tax payable under Part XII.6 – Look Back Rule for flow-through expenses renounced in 2005 but incurred in 2006.

The value of the carrying costs of the Company's mineral properties and related deferred exploration costs have increased by \$1,620,320 during the six months ended June 30, 2007 which includes an anticipated tax recovery \$354,144 for exploration expenses incurred on its Quebec projects. The main portion of this amount was invested on the Brabant Lake property in Saskatchewan (\$1,137,582). In Quebec, exploration activities on its three properties totaled \$809,639 (before tax credits).

The Company also acquired six additional claims in Saskatchewan at a cost of \$43,306 during the last quarter.

The Company's current projects are all located in Canada and access to each of the properties is dependant on climate and weather conditions. Typically, all projects in Quebec (Manicouagan, Lac Mague and Mouchelagane) can be accessed from January to September as weather limits the activities during other times of the year. The Brabant Lake property in Saskatchewan is accessible most of the year except during freeze-up (3 weeks) in the fall and spring thaw (4-5 weeks).

Summary of Quarterly Results

	Second Quarter 2007	First Quarter 2007	Fourth Quarter 2006	Third Quarter 2006
Interest income	\$61,403	\$16,993	\$17,589	\$19,376
Loss	\$408,981	\$278,854	\$298,221	\$236,418
Loss per share ⁽¹⁾	\$0.00	\$0.00	\$0.01	\$0.00

	Second Quarter 2006	First Quarter 2006	Fourth Quarter 2005	Third Quarter 2005
Interest income	\$26,736	\$34,553	\$28,090	\$35,836
Loss	\$321,175	\$207,739	\$125,408	\$85,737
Loss per share ⁽¹⁾	\$0.00	\$0.00	\$0.00	\$0.00

⁽¹⁾ Loss per share remains the same on a fully diluted basis

Due to the nature of the business, the cash balance and short-term investments generating the interest income is subject to fluctuations from quarter to quarter. The timing of equity financings and ensuing exploration and operating expenses are the main factors affecting the level of funds invested from time to time. The \$61,403 of interest income in the second quarter of 2007 is a result of a higher average balance of funds during the quarter of approximately \$6.3 million in comparison with an average available cash balance for investment of \$1.7 million in the fourth quarter of 2006. In the second quarter of 2006, the average cash balance was \$3.1 million which generated \$26,736 of interest income.

For the quarter ended June 30, 2007, the Company incurred a loss of \$408,981 compared to a loss of \$321,175 for the comparative period in 2006. Expenses for the second quarter of 2007 include a non-cash stock-based compensation of \$157,828 (2006 - \$3,060) related to the vested portion of the 2,665,000 options granted in the quarter. Travel and promotion have also increased by \$31,750 to \$50,937 (Q2/06 - \$19,187) as management increased promotional activities. This was offset by a reduction of \$69,216 in tax recorded in the second quarter of 2006 for which \$51,946 related to a 2002 re-assessment of flow-through renunciation and the balance related to tax payable under Part XII.6 – Look Back Rule for flow-through expenses renounced in 2005 but incurred in 2006.

The increase in the loss from the third quarter of 2005 to the current level is directly related to the Company's plan to acquire more mineral properties and explore the potential of such properties. At the end of 2005, the Company had one single property and currently holds four, adding 3 new properties over the last six quarters. Consequently, activities during those periods increased, thus higher operating expenses.

Liquidity and Capital Resources

At June 30, 2007, the Company, currently debt free, had cash and cash equivalents of \$5,942,492 and a working capital of \$7,033,445 (December 2006 \$1,832,734 and \$3,174,400 respectively). This includes \$4,000,125 (\$1,009,501 - December 31, 2006) of cash reserved for qualifying flow-through obligations (see Equity Financings below). The Company's excess cash and cash equivalents are currently invested into flexible Guaranteed Investment Certificates with a Canadian bank.

As at June 30, 2007, the Company had accounts receivable totaling \$1,515,915 (December 31, 2006: \$1,338,009) which consisted mostly of Quebec Refundable Tax Credit for Resources of \$1,011,544 (\$724,851 received in July 2007). The balance is related to 2007 expenses and will be claimed while filing the Quebec 2007 Tax Return in 2008. An amount of \$294,307 for Credits on Duties Refundable for Losses (Quebec) is also part of the total receivable and this amount is expected to be recovered in 2008. The balance includes GST, QST and interest receivable.

Equity Financing

On March 27, 2007, the Company completed a brokered private placement for gross proceeds of \$6,222,960 whereby the Company issued 17,637,000 flow-through common shares at a price of \$0.24 per share and 11,056,000 units at a price of \$0.18. Each unit consists of one common share of the Company and one-half of one common share purchase warrant exercisable at \$0.23 until March 27, 2009. Provided that 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.

On May 18, 2007, the Company completed a non-brokered private placement with SIDEX for gross proceeds of \$300,000 under the same terms as the March 27th placement. In connection with this non-brokered private placement, the Company paid cash commissions of \$15,000.

All securities issued in the private placements are subject to a four-month hold period.

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. Industry and market conditions have allowed the Company to raise \$6,671,310 in the first and second quarter of 2007, \$1,532,792 in 2006 and \$6,025,000 in 2005.

The gross proceeds of \$4,232,880 from the March 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 ability of the Company to successfully acquire mineral projects or recover amounts expended on mineral properties is conditional on its ability to secure financing when required. The Company proposes to meet additional financing requirements through equity financing. The Company may seek other alternatives for financing in 2007 depending on market conditions and exploration results; however, there can be no assurance that any 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.

Options & Warrants Exercised

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

The finder's fee option granted in conjunction with the October 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.

Commitments

As at June 30, 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 \$125,756, payable as follows: 2007 - \$31,218 (6 months), 2008 - \$54,686, 2009 - \$39,852 (9 months). 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.

The Company has no long-term contractual obligations. The Company can terminate all option or joint venture agreements requiring minimum exploration expenses at any time without further financial obligations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the quarter ended June 30, 2007, the Company concluded transactions with businesses controlled by directors and/or officers totaling \$112,320 (2006: \$91,850). These transactions relate to services rendered to the Company and were included in the following accounts: management fees \$85,041 (2006: \$82,850); exploration costs for \$27,279 (2006: \$9,000). As at June 30, 2007, \$530 (2006: \$38,334) was owing to related parties.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties and the Company. The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

Proposed Transactions

The Company continues to evaluate quality exploration projects and financing opportunities. There are no transactions currently pending.

Critical Accounting Estimates

The Company has not yet determined whether the projects contain economically recoverable reserves. The recoverability of the \$9,271,325 net carrying value of the projects at June 30, 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.

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 exploration costs incurred and is included in accounts receivable (\$294,307 – June 30, 2007).

Furthermore, the Company is entitled to the refundable tax credit for resources on qualified expenditures incurred after March 29, 2001, a credit also offered by the Quebec provincial government. The refundable tax credit may reach 35% or 38.75% of qualified expenditures incurred. This tax credit has been applied against the costs incurred and is also included in accounts receivable (\$1,011,544 – June 30, 2007).

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.

Change in Accounting Policies

New Accounting Standards

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

Section 1506, "Accounting Changes". This section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.

Section 1530, "Comprehensive Income". This section establishes standards for reporting and display of certain gains and losses recognized in comprehensive income, but excluded from net income.

Section 3251, "Equity". This section establishes standards for the presentation of equity and changes in equity. The requirements of this section are in addition to those in "Comprehensive Income", Section 1530, "Share capital", Section 3240, and "Reserves", Section 3260

Section 3855, "Financial Instruments – Recognition and Measurement". This section describes the standards for recognizing and measuring financial assets, financial liabilities, and non-financial derivatives.

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.

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

Future Accounting Standards

The Canadian Institute of Chartered Accountants published the following new sections that will apply to interim and annual financial statements relating the fiscal years beginning on or after October 1, 2007

Section 3862 "Financial Instruments - Disclosures", describes the required disclosures to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

Section 3863, "Financial Instruments - Presentation", establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments - Disclosure and Presentation".

Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to establish whether the entity has complied with capital requirements and if not, the consequences of such non-compliance.

The Company has not yet assessed the effect of these new standards on its consolidated financial statements, which will apply in the fiscal year beginning on January 1, 2008.

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 June 30, 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

Additional Information

Outstanding Shareholders' Equity Data

As of August 23, 2007, the following were outstanding:

• Common Shares	127,317,727
• Stock Options	8,955,000
• Warrants	11,361,333
• Broker Warrants	3,071,658

On June 18, 2007, the Company approved the issuance of 610,000 stock options under the Company's Stock Option Plan. These options were granted to an officer an employee and consultants of the Company at an exercise price of \$0.20 per share for a period of five years. The vesting periods for these options are as follows: 85,000 vest immediately and 525,000 vest equally over a three-year period from the date of grant.

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: 1,117,000 vest immediately, 25,000 vest one year from the date of grant, and 860,000 vest equally over a three-year period from the date of grant.

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 June 30, 2007 were prepared in accordance with Canadian generally accepted accounting principles. The officers are of the opinion that there were no changes in the second quarter of 2007 that have materially affected or are likely to materially affect the Company's internal control over financial reporting.

Uncertainties and 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.

- *Permits and Licences*

The operations of the Company may require licences and permits from various governmental authorities. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions. There can be no assurance that the Company will be able to obtain all necessary licences and permits that may be required to carry out exploration, development and mining operations at its projects.

- *Dependance on Key Employees*
The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company is highly dependent on the principal members of its senior management group and the loss of their services might impede the Company's business strategy and growth.
- *Conflicts of Interest*
Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.
- *Competition*
The mineral industry is intensely competitive in all its phases. Manicouagan competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

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, unless required by law. Readers are cautioned not to place undue reliance on forward-looking information.