

MANICOUAGAN MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Form 51-102 F1
FOR THE YEAR ENDED DECEMBER 31, 2008
(Expressed in Canadian dollars)

This Management's Discussion and Analysis ("MD&A") is intended to supplement the financial statements and notes of Manicouagan Minerals Inc. (the "Company" or "Manicouagan") and compares the Company's 2008 fiscal year financial results with those of the preceding year. This MD&A should be read in conjunction with the Company's audited financial statements and accompanying notes, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A covers the most recently completed financial year and the subsequent period up to April 8, 2009. The Company's public filings can be reviewed on the SEDAR website (www.sedar.com).

This MD&A contains certain forward-looking statements. Please see the cautionary language at the end of this MD&A.

OVERALL PERFORMANCE

Manicouagan Minerals Inc. is a Canadian-based exploration company which currently holds base and precious metal projects in Saskatchewan and Quebec, Canada. 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 in the future rests entirely on its ability to secure equity and other financings or realize cash from the sale of assets.

During the year ended December 31, 2008, the Company completed two non-brokered private placements and raised gross proceeds of \$2,710,000 (2007: \$6,522,960).

Exploration activities

Mineral Properties	Location	Current Interest <small>(April 8, 2009)</small>	Area
Brabant Lake	Saskatchewan	100% - mining lease (21 claims)	4 km ²
Mouchalagane	Quebec	100% (344 claims)	182 km ²
HPM/Forgues	Quebec	on option (39 claims) and 100% (250 claims)	11 km ² 129 km ²
Winter House	Quebec	100% (141 claims)	74 km ²

Brabant Lake Zinc Property - Saskatchewan

Manicouagan purchased a 100% interest in the property in June 2006 in return for a one-time payment of \$300,000 to Longyear Canada, ULC. The property is a mining lease consisting of 21 claims covering an area of 4 km². The property is not subject to any third party royalties.

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. Manicouagan's drilling on the property has focused on the Lower Zone which is on average almost twice the grade of and 50% thicker than the Upper Zone.

On July 29, 2008, the Company released an updated resource estimate for the Brabant Lake Zinc deposit completed by MPH Consulting Limited ("MPH") of Toronto in conjunction with P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario.

The updated resource estimate is set out below.

2008 MPH/P&E Resource Estimate ^{1,2,3,4}											
	Tonnes	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zn lbs millions	Cu lbs millions	Pb lbs millions	Ag millions ounces	Au ounces
Indicated	1,475,000	9.18	0.79	0.23	32.6	0.15	298.5	25.7	7.5	1.55	7,100
Inferred	2,975,000	5.55	0.55	0.13	13.9	0.10	364.0	36.1	8.5	1.33	9,600

- 1) The resource for the Brabant Lake zinc deposit was estimated on the basis of approximate \$US three year trailing average metal prices of \$1.27/lb zinc, \$3.02/lb copper, \$0.86/lb lead, \$12.49/oz silver and \$663/oz gold, and a US dollar exchange rate of \$0.912. A Net Smelter Return Royalty ("NSR"), cut-off of CAD \$75/tonne for underground mining and milling was utilized to report the resource.
- 2) Mineral resources which are not mineral reserves have not demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- 3) The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
- 4) Contained metals, expressed in pounds (lbs) and troy ounces (oz), presented in the table above are the product of resource tonnes multiplied by metal grades and are provided for information purposes only and are not meant to imply recoverable product as mineral resources which are not mineral reserves have not demonstrated economic viability.

The mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.

Eugene Puritch, P.Eng, Antoine Yassa, P.Geo of P&E, and Gerald Harron, P.Eng. of MPH are the authors of the Resource Estimate Technical Report on the Brabant Lake zinc deposit which pertains to the 2008 MPH/P&E Resource Estimate and which will be filed on or before September 12, 2008 with Manicouagan's filings on SEDAR. They are independent Qualified Persons in accordance with NI 43-101 – Standards of Disclosure for Mineral Projects.

Exploration expenditures for the year ended December 31, 2008 totaled \$478,535.

Mouchalagane Nickel/Copper/PGE Property – Quebec

In 2008, Aeroquest International of Mississauga, Ontario, was awarded the contract to survey six claim blocks held by the Company which collectively comprise the Mouchalagane Project. The total survey covered 4,327 line kilometres. The survey was flown at 100 metre line spacing and in a North-South survey flight direction, at a nominal terrain clearance of 65 metres.

Late in the second quarter of 2008, a diamond drilling program was initiated on the Mouchalagane Property. Ten holes (MCH-08-01 to MCH-08-10) totaling 1770 metres were completed. Nine of the ten holes were collared in the vicinity of the Bob Showing while diamond drill hole MCH-08-05 was collared to test a Max-Min Conductor located approximately 350 metres west of the Bob Showing.

Significant results from the 2008 summer drilling program are presented in the following table:

Hole ID	(metres)			ppb		% ⁽ⁱⁱ⁾	
	From	To	Length ⁽ⁱ⁾	Pt	Pd	Ni	Cu
MCH-08-02	86.46	92.93	6.47	963	1639	0.89	0.28
Including	87.45	89.56	2.11	1797	2305	1.00	0.36
MCH-08-04	90.86	91.75	0.89	3034	2406	2.25	0.26
MCH-08-08	84.43	85.91	1.48	499	2571	0.72	0.22

⁽ⁱ⁾ True width unknown

⁽ⁱⁱ⁾ Some trace element analysis results were used to calculate intervals

Nickel, copper and PGE mineralization at the Bob Showing has now been traced by diamond drilling for approximately 200 metres along strike and to a depth of about 90 metres. The mineralization remains open along strike and partially at depth.

Nine selected drill core samples (from DDH MCH-08-02 and MCH-08-04) were assayed by Activation Laboratories of Ancaster, Ontario for the suite of Platinum Group Elements (PGE) which in addition to platinum (Pt) and palladium (Pd) includes rhodium (Rh), ruthenium (Ru), osmium (Os), iridium (Ir), rhenium (Re) and gold (Au). Significant results are set out in table below:

Sample	Drill Hole	Pt (ppb)	Pd (ppb)	Rh (ppb)	Ru (ppb)	Au (ppb)	Re (ppb)	Os (ppb)	Ir (ppb)
263660	MCH-08-04	4240	786	1260	938	25	62	123	238
263662	MCH-08-04	3000	5390	1730	2630	71	78	363	538

Analytical services are provided by TSL Laboratories of Saskatoon. A full description of the laboratory's analytical procedures may be viewed on their website at www.tslabs.com.

Eleven grids totaling approximately 78 kilometres have been cut over priority AEM targets in order to facilitate ground geophysical (Max-Min and magnetics) as well as soil geochemical surveys (854 samples). A final report on the ground geophysics has been received from the contractor while results from the soil sampling are currently being compiled.

All of the grids were geologically mapped.

Exploration expenditures for the year ended December 31, 2008 totaled \$1,971,973.

HPM/Forques Property – Quebec

In 2007, the property was optioned by the Company from Pure Nickel Inc. Manicouagan believes that the HPM/Forques property has significant potential for magmatic nickel-copper-cobalt deposits and complements the Company's significant land holdings at Mouchalagane. In November 2008, the Company made the \$25,000 payment due on the first anniversary of the option agreement and has met its minimum first year work commitment of \$750,000.

During 2008, Aeroquest completed a 1,615 kilometres AeroTEM II Airborne Geophysical Survey over most of the HPM/Forques Property as well as 46.5 kilometres of ground HLEM ("Horizontal Loop Electromagnetic") and 51.8 kilometres of magnetometer surveying over the portions of the HPM Claim Group.

During 2008, the Company completed 17 diamond drill holes (HPM-08-01 to HPM-08-17) totaling 3,388 metres on the HPM/Forgues Property. Thirteen of the holes were drilled at the Barre de Fer showing while the remaining four holes (HPM-08-12, 13, 14 and 16) were drilled to test nearby Max-Min Conductors.

Assay results have now been received from all the diamond drill holes.

Significant assay results received to date are presented below:

Hole ID	(metres)			% ⁽ⁱⁱ⁾		ppm
	From	To	Interval ⁽ⁱ⁾	Nickel	Copper	Cobalt
HPM-08-01	78.60	84.07	5.47	2.34	0.97	1237
HPM-08-02	87.79	95.26	7.47	1.60	0.76	888
HPM-08-03	79.82	123.00	43.18	1.74	0.90	904
HPM-08-04	47.73	62.79	15.06	1.72	0.66	888
and	125.40	130.50	5.10	1.23	0.47	636
and	136.75	139.40	2.65	2.08	1.24	1072
and	144.17	148.22	4.05	2.31	1.35	1131
HPM-08-05	209.80	229.45	19.65	0.46	0.17	216
including	209.80	212.33	2.53	1.49	0.35	719
HPM-08-08	104.96	106.12	1.16	1.71	0.25	965
and	140.25	142.61	2.36	0.79	0.30	441
HPM-08-09	147.46	149.40	1.94	2.07	0.84	1084
HPM-08-10	121.39	123.46	2.07	0.63	0.08	341
HPM-08-11	47.27	48.78	1.51	2.20	0.77	1133
and	80.78	81.68	0.90	2.10	1.37	1070
and	101.46	111.00	9.54	1.12	0.23	518
including	101.46	104.61	3.15	1.91	0.37	842
HPM-08-17	61.40	68.60	7.20	1.44	0.69	736
including	64.30	67.80	3.50	2.35	1.03	1151
including	132.25	134.20	1.95	2.69	2.61	1170

⁽ⁱ⁾ true widths are unknown

⁽ⁱⁱ⁾ 10,000 ppm equals 1%

Analytical services are provided by TSL Laboratories of Saskatoon (see previous section).

Nickel, copper and cobalt mineralization at the Barre de Fer showing has now been traced by diamond drilling for approximately 300 metres along strike and to a depth of about 280 metres. The mineralization remains open at depth and partially along strike.

During 2008, the results from the AeroTEM II (airborne electromagnetic and magnetic) survey were received from Aeroquest and a preliminary interpretation by Manicouagan's consultant geophysicist has been carried out. Based on the consultant geophysicist's recommendation, priority targets were identified and some were ground truthed prior to suspension of exploration activities due to deteriorating weather conditions. This work was successful in leading to discovery of several new sulphide occurrences. Several other priority airborne EM targets on the HPM/Forgues Claim Group remain to be followed-up.

To date, only a small portion of the HPM/Forgues Property has been evaluated by Manicouagan. Several nickel-copper-cobalt prospects discovered by Xstrata Nickel on the property along with several priority geophysical targets have yet to be evaluated.

Exploration expenditures for the year ended December 31, 2008 totaled \$1,662,740.

Winter House Property - Quebec

On May 15, 2008, the Company acquired a 100% interest in 18 claims by issuing 200,000 common shares to a vendor. As part of the transaction, 110 claims acquired by the Company in January 2008 were included in the agreement. In the event of production from the property (all claims), the vendor will receive a 2% NSR, of which three quarters of the 2% can be purchased from the vendor for \$1,000,000 within six months from the date that a production decision is announced.

Following the transaction, the Company map designated 13 additional claims (not subject to NSR) and as at December 31, 2008, the property consisted of 141 claims covering an area of 74 km².

The Winter House Property was the subject of detailed helicopter borne electromagnetic and magnetic surveys which were completed in conjunction with airborne surveys that were flown at Mouchalagane during the second quarter of 2008. Other than the airborne survey, no field work was carried out on the Winter House Property in 2008.

Exploration expenditures for the year ended December 31, 2008 totaled \$92,200.

Other

In December 2008, the Company wrote-off the carrying value of its Lac Mague (\$915,301) and Seignelay (\$143,311) properties in Quebec as the exploration results received to date were inconclusive and as current financial markets combined with financial resources available dictated that the Company focus on projects that it considers to have the best geological potential.

The Company still currently holds claims forming the Manicouagan, Lac Mague and Seignelay properties and is continuing to seek joint venture partners to advance the projects.

All significant results from field work completed by the Company are available on the Company's website at www.manicouaganminerals.com.

Exploration programs at the Company's projects are being carried out under the supervision of Mr. Bruce W. Mackie P. Geo. Mr. Mackie, 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.

Outlook

In 2009, given the long term favourable outlook for gold, the Company has undertaken to broaden its asset base by adding one or more gold projects to its portfolio of properties. As announced on March 2, 2009 in late June/early July a surface reconnaissance program will be completed at the HPM/Forgues property to ground truth a number of high priority anomalies that were identified from the 2008 airborne and ground geophysical surveys. This reconnaissance program will enable Manicouagan to better define targets for drilling. The Company will spend a minimum of \$1,243,523 on exploration in 2009.

Selected Annual Information

The following tables set out financial performance highlights for the last three years and were prepared in accordance with Canadian GAAP.

	December 31, 2008	December 31, 2007	December 31, 2006
Interest Income	\$82,430	\$167,682	\$98,254
Operating Expenses	\$2,122,838	\$7,390,964	\$1,168,767
Net Loss	\$1,603,026	\$5,407,340	\$1,063,553
Basic and Diluted loss per share	\$0.01	\$0.05	\$0.01
Total Assets	\$10,834,150	\$10,390,700	\$10,972,131
Long-Term Liability	\$1,166,780	\$434,406	\$1,818,048

The variation in interest income from year to year is a result of the available cash balance during each period. The operating expenses include write-offs of mineral properties and general exploration expenses of \$1,116,811 in 2008, \$5,966,865 in 2007 and \$94,507 in 2006. It also includes non cash items such as stock-based compensation of \$121,999, \$204,459 and \$109,985 respectively for 2008, 2007 and 2006 and a one-time tax expenses of \$191,633 in 2007. By excluding these expenses, the operating expenses for 2008, 2007 and 2006 are respectively \$884,028, \$1,028,007 and \$964,275. The 2008 reduction in operating expenses from 2007 reflects the Company efforts to reduce expenses in the current economic environment. The increase from 2006 to 2007 was a result of increased business activities.

RESULTS OF OPERATIONS

For the years ended December 31, 2008, the Company incurred a net loss of \$1,603,026 compared to \$5,407,340 in 2007. The net loss includes the write-off of mineral properties of \$1,058,612 (Lac Maugue and Seignelay in 2008) and \$5,870,914 (Manicouagan in 2007). The net loss also includes two non-cash items – stock-based compensation expense of \$121,999 (2007 - \$204,459) and future income taxes recovery of \$437,382 (2007 - \$1,815,942). Other variances include: a decrease of \$99,994 in professional fees (\$117,448 versus \$217,402 in 2007), a decrease of \$32,687 in management fees (\$354,210 versus \$386,897 in 2007) and a decrease of \$28,541 in investor relations and promotion (\$128,470 versus \$157,011 in 2007). The reduction in administration expenses in 2008 is also attributable to a one-time \$191,633 tax on flow-through shares incurred in 2007. The operating expenses were offset by interest income of \$82,430 (2007 - \$167,682).

The Company incurred expenditures of \$4,546,235 in relation to exploration activities and mineral properties in 2008 (2007 - \$4,945,697). An amount of \$4,067,700 (2007 - \$2,836,787) (before tax credits) was invested on the properties located in Quebec and \$478,535 (2007- \$2,108,910) was invested on the Brabant Lake property, in Saskatchewan. The estimated tax credits (Quebec Government) of \$1,730,067 for the year ended December 31, 2008 (2007 - \$1,227,670) are included as a reduction of the Company's mineral properties and deferred exploration costs.

The Company's current projects are all located in Canada and access to each of the properties is dependent on climate and weather conditions. Typically, all projects in Quebec can be accessed from January to September as weather limits the activities during other times of the year. The Brabant Lake deposit 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

	Fourth Quarter 2008	Third Quarter 2008	Second Quarter 2008	First Quarter 2008
Interest income	\$16,901	\$29,000	\$11,093	\$25,436
Loss	\$736,466	\$268,451	\$297,955	\$300,154
Loss per share ⁽¹⁾	\$0.01	\$0.00	\$0.00	\$0.00

	Fourth Quarter 2007	Third Quarter 2007	Second Quarter 2007	First Quarter 2007
Interest income	\$34,624	\$54,662	\$61,403	\$16,993
Loss	\$4,324,251	\$395,254	\$408,981	\$278,854
Loss per share ⁽¹⁾	\$0.03	\$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 interest income are subject to fluctuations from quarter to quarter. The timing of equity financing and ensuing exploration and operating expenses are the main factors affecting the level of funds invested from time to time. The variation in the interest rates has also a direct impact on the interest income.

The significant variations from the fourth quarter of 2008 and 2007 in comparison to the other quarters is due to the write-off the carrying value of certain exploration projects during those periods. In 2008, the Company wrote-off its Lac Maugue and Seignelay projects (\$1,058,612) and in 2007, the Manicouagan project was written-off for \$5,870,914. The fourth quarter loss in 2007 also includes a recovery of future income taxes in the amount of \$1,815,942 compared to \$437,382 for 2008.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2008, the Company had no debt, cash and cash equivalents of \$1,548,162 and a working capital of \$3,404,414 (\$2,851,400 and \$4,429,172 respectively as at December 31, 2007). This includes \$1,257,793 (\$1,725,180 as at December 31, 2007) in cash reserved for qualifying flow-through obligations to be incurred by December 31, 2009 (see Equity Financing below). The Company's excess cash and cash equivalents are currently invested into an interest bearing account and flexible Guaranteed Investment Certificates with a major Canadian chartered bank.

As at December 31, 2008, the Company had amounts receivable totaling \$1,988,920 (\$1,880,739 as at December 31, 2007) which consisted mostly of Quebec Refundable Tax Credit for Resources of \$1,428,734 (\$1,039,480 as at December 31, 2007). An amount of \$499,570 (\$437,471 as at December 31, 2007) for Credits on Duties Refundable for Losses (Quebec) is also part of the total receivables. This amount is expected to be recovered in 2009 and 2010. The balance includes GST, QST and interest receivable on investments.

Equity Financing

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 has relied on the issuance of shares to generate the funds required to further its projects. Industry and market conditions have allowed the Company to raise gross proceeds of approximately \$17 million since 2005.

The Company's ability to successfully acquire mineral projects or recover amounts expended on mineral properties is conditional on its ability to secure financing when required. The Company expects to meet additional financing requirements through equity financing. The Company may seek other alternatives for financing in the future depending on market conditions and exploration results; however, there can be no assurance that such financing attempts will be successful. The recent unprecedented events in the global financial markets have had a profound impact on the global economy. Virtually all industries, including mining businesses, are impacted by these market conditions and these events could have a significant impact on our business and the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity.

In 2008, the Company completed two non-brokered private placements for gross proceeds of \$2,710,000. Pursuant to these private placements, the Company issued 13,550,000 flow-through commons shares at a price of \$0.20 per share.

In connection with these non-brokered private placements, the Company paid cash commissions / finder's fees totaling \$159,300.

Options & Warrants

No options or warrants were exercised during the year 2008.

Commitments

Leases

As at December 31, 2008, the Company was a party to two lease commitments for office space which expire on September 30, 2009 and on January 31, 2011. The aggregate commitment under these leases is \$104,367, payable as follows: 2009 - \$70,504, 2010 - \$31,254 and 2011 - \$2,609. 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.

In March 2009, the lease expiring on September 30, 2009 has been cancelled at a cost of \$10,000. The Company subleased a new office space at \$1,100 / month. This sublease can be cancelled by 30 day notice only.

Flow-through exploration funds

As at December 31, 2008, the Company had an obligation to incur approximately \$1,243,523 in qualifying exploration expenditures by December 31, 2009.

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 year ended December 31, 2008, the Company concluded transactions with an officer and businesses controlled by directors and/or officers totaling \$370,688 (2007: \$450,430). These transactions relate to services rendered to the Company and were included in the following accounts: management fees \$297,188 (2007: \$332,163) and exploration costs for \$73,500 (2007: \$118,267). As at December 31, 2008 and 2007, no amounts were due 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.

FOURTH QUARTER

For the quarter ended December 31, 2008, the Company incurred a net loss of \$736,466 compared to a loss of \$4,324,251 in 2007. Expenses for the last quarter of 2008 include the write-off of the Lac Maugue and Seignelay mineral properties for an amount of \$1,058,612 (2007 - \$5,850,723 – Manicouagan property) Significant variances in administrative expenses include: a decrease of \$73,953 in professional fees (\$(3,541) versus \$70,412 in 2007), a decrease of \$19,791 in management fees (\$78,057 versus \$97,848 in 2007), a decrease of \$16,796 in investor relations and promotion (\$22,223 versus \$39,019 in 2007) and a decrease of \$17,723 in interest income (\$16,901 versus \$34,624 in 2007).

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the estimation of mineral resources, the determination of potential impairments of mineral property interest, the valuation of future income tax assets and liabilities, the rates of amortization of property and equipment and the fair value of stock-based compensation and other stock-based payments. Actual amounts could differ from the estimates used and, accordingly, affect the results of operations.

Mineral Properties and Deferred Exploration Costs

The Company has not yet determined whether the projects contain economically recoverable reserves. The recoverability of the \$7,221,544 net carrying value of the projects as at December 31, 2008 is dependent upon the ultimate confirmation of economically recoverable reserves, the Company's ability 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 (\$499,570 as at December 31, 2008).

Also, the Company is entitled to the refundable tax credit for resources on qualified expenditures 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 (\$1,428,734 as at December 31, 2008).

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.

As at December 31, 2008, the Company had long-term future income tax liabilities of \$1,166,780 (\$434,406 as at December 31, 2007).

As at December 31, 2008, the Company had non capital losses carried forward of \$5,938,645. Full valuation has been recorded as regards to these non capital losses.

CHANGES IN ACCOUNTING POLICIES

Capital disclosures and financial instruments - disclosures and presentation

In January 2008, the Company adopted three new accounting standards: *Capital Disclosures* (Handbook Section 1535), *Financial Instruments – Disclosures* (Handbook Section 3862), and *Financial Instruments – Presentation* (Handbook Section 3863).

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in note 3 to these financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 4 to these financial statements.

General Standards of Financial Statement Presentation

Handbook Section 1400 includes requirements to assess and disclose an entity's ability to continue as a going concern (going concern assumption). This new standard will not have any significant impact on the financial statements of the Company.

Future accounting standards

International Financial Reporting Standards ("IFRS")

The CICA's Accounting Standards Board ("AcSB") has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011 which will be reviewed by the Company's auditor to ensure compliance with IFRS.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures,
- Revenue recognition for royalty income,
- Property, plant and equipment (measurement and valuation)
- Provisions, including asset retirement obligations,
- Stock-based compensation, and
- Accounting for income taxes

As the analysis of each of the key areas progresses, other elements of our IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarises the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress, expected to be complete during Q2 2009
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Throughout 2009
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout 2009
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q4 2009 – Q1 2010
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 2009 – Q2 2010
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout 2010

Goodwill and Intangible Assets

The CICA has issued a new standard which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. Section 3064, *Goodwill and intangible assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

Credit risk and fair value of Financial Assets and Liabilities

The CICA has issued an Abstract EIC-173, which requires entities to take both counterparty credit risk and their own credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. EIC-173 will be effective for interim and annual periods beginning on or after January 1, 2009.

The Company is currently assessing the impact of this guidance on its financial statements.

FINANCIAL INSTRUMENTS

Fair value

The fair value of interest receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity. The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value.

Interest rate risk

The Company has cash and cash equivalents. The Company's current policy is to invest excess cash in guaranteed investment certificates refundable before maturity and/or in interest bearing accounts of Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions. As of December 31, 2008, the Company had an interest bearing account with a Canadian chartered bank.

As at December 31, 2008 and 2007, the Company's exposure to interest rate risk is summarized as follows:

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

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data

As of April 8, 2009, the following were outstanding:

- Common Shares 141,861,723
- Stock Options 9,775,000
- Warrants 6,611,334

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 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 and 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 these risks 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 fluctuations in the price of various metals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the Company's control. 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 provisions in its financial statements for any potential environmental liability.

- *Financial Capability and Additional Financing*

The Company has sufficient financial resources to undertake its presently planned exploration and development programs. However, the Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available for further exploration and development of its current projects. There can be no assurance that the Company will be able to obtain sufficient financing in the future to carry out exploration and development work. The Company's ability to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company. Failure to obtain sufficient financing may result in delaying or the indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest.

There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. Additional funds will be required for future exploration and development of the Company's properties.

If the Company raises additional funds through the sale of equity securities, shareholders may have their investments further diluted.

- *Resource Estimates*

The Company's planned mineral exploration and development activities will be subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Many of the mineral rights and interests of the Company are subject to government approvals, licences and permits. The granting and enforcement of the terms of such approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those experiencing loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or development costs or a reduction in the levels of production at producing properties, if any, or require abandonment or delays in development of new mining properties.

- *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.

- *Dependence 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 by 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 results to differ materially from those presented in this document. Accordingly, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law. Readers are cautioned not to place undue reliance on forward-looking information.