MANICOUAGAN MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Form 51-102 F1
FOR THE PERIOD ENDED JUNE 30, 2009
(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") for the three and six months ended June 30, 2009 with comparatives for the same period a year earlier. This MD&A should be read in conjunction with the Company's audited financial statements and accompanying notes for the year ended December 31, 2008, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A covers the most recently completed financial period and the subsequent period up to August 19, 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 is a Canadian-based exploration company which currently holds base and precious metal projects in Saskatchewan, Ontario 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.

Exploration activities

Mineral Properties	Location	Current Interest (August 19, 2009)	Area
Brabant Lake	Saskatchewan	100% - mining lease (21 claims)	4 km²
Mouchalagane	Quebec	100% (333 claims)	176 km²
HPM/Forgues	Quebec	on option (39 claims) and	11 km²
		100% (250 claims)	129 km²
Winter House	Quebec	100% (141 claims)	74 km²
Dorothy-Dobie Lake	Ontario	on option (21 claims)	46 km²
Kasagiminnis	Ontario	on option (3 claims)	7 km²
Pickle Lake East	Ontario	on option (15 claims)	24 km²

Brabant Lake Property – Saskatchewan (Zinc)

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 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 do not have 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 do not have 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. and 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.

Although, no field work was carried out the Brabant Lake Property during the second quarter, the Company continues to evaluate various options to advance the project including seeking a joint venture partner.

Expenses at Brabant Lake for the six months ended June 30, 2009 were limited to maintenance costs of $2,427.

Mouchalagane Property – Quebec (Nickel/Copper/PGE)

In 2009, the Company completed the reports covering the 2007 and 2008 exploration programs (ground geophysical surveys, soil geochemistry, trenching/prospecting and diamond drilling).

No field work was carried out on the Mouchalagane Property during the first half of 2009.

Exploration expenditures for the six months ended June 30, 2009 totaled $68,659.

HPM/Forgues Property – Quebec (Nickel/Copper/Cobalt)

In 2009, the Company finalized the reports covering the 2008 exploration programs (ground geophysical surveys, soil geochemistry, trenching/prospecting and diamond drilling).

In the second quarter of 2009, the Company conducted a brief ground prospecting and geological mapping program to inspect all remaining "high priority" airborne EM anomalies identified during 2008. Twenty man-days were spent prospecting, geological mapping and soil sampling selected EM anomalies on the HPM as well as Forgues Claims Blocks. The best result came from grab samples from a narrow zone of sulphide mineralization in the vicinity of the historic Forgues showing which returned values of up to 6,206 ppm nickel.

The HPM/Forgues Property was optioned by the Company from Pure Nickel Inc. The Company believes that the HPM/Forgues property has significant potential for magmatic nickel-copper-cobalt deposits. The Company has met its minimum first year work commitment of $750,000.

Exploration expenditures for the six months ended June 30, 2009 totaled $134,034.

Winter House Property – Quebec (Gold)

A short field program was carried out during the second quarter of 2009 to ground truth the two gold occurrences that are located on the Property. The first occurrence was determined to be a piece of float material, it re-assayed 1.7 gpt gold. The second gold occurrence is hosted by altered-sheared gabbroic gneisses. Sampling returned anomalous gold values of up to 497 parts per billion.

Exploration expenditures for the six months ended June 30, 2009 totaled $25,508.

Pickle Lake Properties (Dorothy-Dobie Lake, Kasagiminnis, and Pickle Lake East) – Ontario (Gold)

On April 15th, 2009, the Company entered into an agreement with Trillium North Minerals Ltd. ("Trillium North") pursuant to which it can earn up to a 70% interest in three gold exploration properties in the Pickle Lake Area, Ontario.

Manicouagan can earn a 51% interest in the Pickle Lake Properties by spending $1,000,000 on the properties over the next three years of which a minimum of $250,000 must be spent in year 1 of the agreement. After earning its 51% interest in the properties, Manicouagan can increase its interest from 51%to 70% by funding the next $1,500,000 on the properties.

The Pickle Lake Properties consist of three non contiguous claim groups known as the Pickle Lake East Property, the Kasagiminnis Property, and the Dorothy-Dobie Lake Property. Collectively the properties cover an area of approximately 77 km^2. In addition, during the second quarter of 2009, the Company staked two claims (approximately 5.2 km^2) between the Dorothy-Dobie Property and the Golden Patricia patents held by Barrick Gold Corporation.

The three properties are located in the Pickle Lake Greenstone Belt, which is part of the prolific Uchi Geological Subprovince having historically produced over 30 million ounces of gold. The Pickle Lake area includes four past producing mines: Golden Patricia (0.45Moz at 19.9 gpt Au), Dona Lake (0.21Moz at 8.6gpt), Central Patricia (0.65Moz at 12.0gpt) and Pickle Crow (1.45Moz at 16.1gpt).

Access to Pickle Lake East project is via a network of bush roads while access to the Kasagiminnis and Dorothy-Dobie Lake Properties is by float plane or helicopter.

The Kasagiminnis and portions of the Dorothy-Dobie Lake properties are subject to underlying option agreements with a single vendor. To maintain the underlying option agreements in good standing Manicouagan has paid $45,000 to the vendor. To maintain both the underlying agreements and the agreement with Trillium North in good standing Manicouagan will have to make an additional payment of $45,000 to the vendor on or before April 15, 2010.

The underlying option agreements also provide to the vendor on each property a 2% NSR of which one half can be acquired by payment of the sum of $1,000,000 payable to the vendor. The Dorothy-Dobie Lake properties are each the subject of advance royalty payments of $50,000 per year for three years commencing April 30, 2012.

Manicouagan has also agreed, subject to regulatory approval, to issue 250,000 common share purchase warrants to Trillium North concurrent with its next equity financing. When issued the warrants will have an exercise price equivalent to those warrants issued in connection with the next equity financing completed by Manicouagan and will have a term of two years.

In June 2009, the Company flew helicopter-borne magnetic surveys over the Kasagiminnis and Pickle Lake East Properties (the Dorothy-Dobie Claims were flown by Trillium North in 2007). The work was carried out by Geo Data Solutions Inc.

The total number of line-kilometres flown was 1900 line-kilometres. Traverses were oriented north-south on the Kasagiminnis block with a line-spacing of 25 metres while traverses were oriented N160E on the Pickle Lake East block with a line-spacing of 50 metres.

Gold mineralization in the Pickle Lake area is usually spatially associated with magnetite bearing iron formations and major regional structures and/or associated subsidiary or splay structures. The detailed airborne geophysical program will assist in identification of this important features and aid in the selection of drill targets for the 2009 field season.

Final results from the surveys have been received and are currently being reviewed. Historical data is currently being compiled.

Consultations were initiated and continue with the First Nations in the Pickle Lake Area (Mishkeekokamang, Slate Falls and Cat Lake) regarding the Company's planned upcoming exploration activities.

Future work on the Pickle Lake Properties will consist of ground reconnaissance mapping and a diamond drill program in the fall on one or more of the projects.

Exploration expenditures for the six months ended June 30, 2009 totaled $99,649.

Pickle Lake General

In May 2009, the Company contracted SRK Consulting to carry out a structural interpretation of the Pickle Lake Greenstone Belt. Geofine Exploration Consultants Ltd. has been retained to provide geological input. This work will assist in the identification of new exploration targets.

The final results of this effort are expected in the third quarter of 2009.

Other

The Company holds claims forming the Manicouagan, Lac Maugue and Seignelay properties and is continuing to seek joint venture partners to advance these 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 broadened its asset base by adding the three Pickle Lake properties to its portfolio. The Company continues to evaluate new gold properties for its portfolio. An airborne survey was completed over a portion of the Pickle Lake properties in early June 2009 with ground follow-up scheduled for August 2009. The ground program will be followed by a diamond drill program. The Company continues the process of consultation with the three First Nations communities in the vicinity of Pickle Lake. The Company will spend a minimum of $990,000 in exploration in the second half of 2009.

RESULTS OF OPERATIONS

For the six months ended June 30, 2009, the Company incurred a net loss of $475,550 compared to $598,109 in 2008 for a total decrease of $122,609. Major items contributing to the lower loss are as follows: Investor relations and promotion decreased by $62,736 ($23,898 versus $86,634 in 2008), management fees were reduced by $38,261 ($156,931 versus $195,192 in 2008), general exploration costs were reduced by $17,977 ($14,948 versus $32,925 in 2008) and non-cash future income taxes decreased by $38,682 ($nil versus $38,682 in 2008). These expenditure reductions were driven by the Management's commitment to preserve cash in this current difficult market by limiting discretionary expenses. Stock-based compensation costs increased $21,587 ($72,169 versus $50,872 in 2008) as stock options were granted during the second quarter of 2009. The operating expenses were offset by interest income of $20,654 (2008 - $36,529).

The Company capitalized expenditures of $382,407 in relation to exploration activities and mineral properties for the six months ended June 30, 2009. An amount of $235,331 (before tax credits) was invested on the properties located in Quebec, an amount of $144,649 was invested on the properties located in Ontario and the balance was invested on the Brabant Lake property, in Saskatchewan. The estimated tax credits (Quebec Government) of $97,874 for the six months ended June 30, 2009 are included as a reduction of the Company's mineral properties and deferred exploration costs. On July 22, 2009, the Company received its refundable tax credit for resources of 2008 for an amount of $1,428,734.

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). Properties in Ontario are accessible all year round.

SUMMARY OF QUARTERLY RESULTS

	Second Quarter 2009	First Quarter 2009	Fourth Quarter 2008	Third Quarter 2008
Interest income	$8,825	$11,829	$16,901	$29,000
Loss	$278,153	$197,397	$736,466	$268,451
Loss per share(1)	$0.00	$0.00	$0.01	$0.00

	Second Quarter 2008	First Quarter 2008	Fourth Quarter 2007	Third Quarter 2007
Interest income	$11,093	$25,436	$34,624	$54,662
Loss	$297,955	$300,154	$4,324,251	$395,254
Loss per share (1)	$0.00	$0.00	$0.03	$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 also has an impact on the interest income.

For the quarter ended June 30, 2009, the Company incurred a net loss of $278,153 compared to a net loss of $297,955 for the comparative period in 2008. Significant variances are reported in Results of Operations.

The significant variations from the fourth quarter of 2008 and 2007 in comparison to the other quarters is related to the write-off of 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 June 30, 2009, the Company had no debt, cash and cash equivalents of $899,288, and a working capital of $2,732,592 ($1,548,162 and $3,404,414 respectively - December 31, 2008). This includes $1,072,829 ($1,257,793 - December 31, 2008) in cash reserved for qualifying flow-through obligations to be incurred by December 31, 2009. The Company's excess cash and cash equivalents are currently invested in an interest bearing account and flexible Guaranteed Investment Certificates with a major Canadian chartered bank.

As at June 30, 2009, the Company had amounts receivable totaling $2,074,361 ($1,988,920 - December 31, 2008) which consisted mostly of Quebec Refundable Tax Credit for Resources of $1,509,736 ($1,428,734 - December 31, 2008). An amount of $516,442 ($499,570 - December 31, 2008) for Credits on Duties Refundable for Losses (Quebec) is also part of the amounts receivable. These amounts are expected to be recovered in 2009 and 2010. The balance includes GST, QST and accrued interest receivable on investments. On July 22, 2009, the Company received its refundable tax credit for resources of 2008 of $1,428,734.

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.

There were no financings in the first and second quarter of 2009.

Options & Warrants

No options or warrants were exercised during the first and second quarter of 2009.

On March 23, 2009, the Company extended the expiry date of the 5,528,000 warrants exercisable at $0.23 expiring on March 27, 2009 and 833,334 warrants also exercisable at $0.23 expiring May 18, 2009 by 18 months to September 27, 2010 and November 18, 2010 respectively.

On June 18, 2009, directors, officers, employees and consultants of the Company were granted 2,090,000 stock options at an exercise price of $0.10 per share for a period of five years. Vesting provisions for these options are as follows: 1,440,000 vest immediately and 650,000 vest equally over a three-year period from the date of grant. These options were valued at $65,868 and will be amortized on accelerated method over their vesting period.

Commitments

Leases
As at June 30, 2009, the Company was a party to a lease for office space which expires on January 31, 2011. The aggregate commitment under this lease is $49,214, payable as follows: 2009 - $15,351, 2010 - $31,254 and 2011 - $2,609. Apart from the above lease arrangement, 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 Company assigned its lease expiring on September 30, 2009 at a cost of $10,000 with an effective date of April 1st, 2009. Notwithstanding this assignment, the Company continues to be liable for its covenants (among other things - the payment of rent for an amount of $4,428/ month during a maximum of 6 months) during the remaining term of the lease until September 30, 2009 should the assignee default on the terms of the original lease.

The Company has since subleased office space at $1,100/ month. This lease can be cancelled on 30 days written notice.

Flow-through exploration funds
As at June 30, 2009, the Company had an obligation to incur approximately $992,340 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 six months ended June 30, 2009, the Company concluded transactions with an officer and businesses controlled by directors and/or officers totaling $134,950 (2008 - $217,563). These transactions relate to services rendered to the Company and were included in the following accounts: management fees $134,950 (2008 - $163,313) and exploration costs for $nil (2008 - $54,250). As at June 30, 2009, an amount of $4,226 (2008 - $23,048) 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.

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 $7,506,077 net carrying value of the projects as at June 30, 2009 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 ($516,442) has been applied against the exploration costs incurred and is included in amounts receivable as at June 30, 2009.

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 ($1,509,736) has been applied against the costs incurred and is also included in amounts receivable as at June 30, 2009. On July 22, 2009, the Company received its refundable tax credit for resources of 2008 of $1,428,734.

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 June 30, 2009, the Company had long-term future income tax liabilities of $1,865,689 ($1,166,780 as at December 31, 2008) principally due to the renunciation of flow-through expenses arising from the Company's issuance of flow-through shares in prior years.

As at December 31, 2008, the Company had non capital losses carried forward of $5,938,645 and the future tax assets related to these non-capital losses and other items as described in note 15 of the December 31, 2008 financial statements have been subject to a full valuation allowance, hence, no value is ascribed to these assets in the financial statements.

CHANGES IN ACCOUNTING POLICIES

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,
- Property, plant and equipment (measurement and valuation)
- 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.	Completed
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

Credit risk and fair value of Financial Assets and Liabilities

The CICA has issued an Abstract EIC-173, with 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 is effective for interim and annual periods beginning on or after January 1, 2009.

Mining Exploration Costs

On March 27, 2009, the EIC issued Abstract EIC-174, "Mining Exploration Costs", to provide additional guidance for mining exploration enterprises on when an impairment test is required. This Abstract has been applied to financial statements issued after March 27, 2009.

The adoption of these Abstracts had no impact on the financial statements of the Company.

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 redeemable before maturity and/or in interest bearing accounts of a Canadian chartered bank. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions. As of June 30, 2009, the Company had an interest bearing account with a Canadian chartered bank.

As at June 30, 2009 and December 31, 2008, 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 August 19, 2009, the following were outstanding:

- Common Shares 141,861,723
- Stock Options 11,180,000
- 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

- *Legislation*

  In 2009, the legislature of Ontario introduced Bill 173 to promote mineral exploration and development by improving clarity and certainty of investment. Bill 173 proposes amendments to the Mining Act respecting the regulation of, among other things, prospecting land, staking mining claims, surface owners' rights, exploration work and most significantly, consultation with Aboriginal communities. Pursuant to the Bill, mining activities are encouraged in a manner consistent with the recognition and affirmation of existing Aboriginal and treaty rights in section 35 of the Constitution Act, 1982, including the duty to consult. Until the accompanying regulations are promulgated, the Company is unable to assess the overall impact that this legislation could have on its activities.

  The Ontario legislature has also given First Reading to Bill 191, the proposed Far North Act. In announcing the legislation, the Government of Ontario indicated that to ensure proper planning and community input, new forestry and the opening of new mines in the Far North would require community land use plans supported by local Aboriginal communities. The proposed legislation also confirms the government's intention to establish "an interconnected network of protected areas" covering at least 225,000 square kilometres that would therefore amount to not less than 50 per cent of the Far North region. At the current tine the Company is unable to assess the impact that this legislation could have on its activities.

  The Company has initiated consultations with the First Nation communities in respect to its plans for its Ontario properties. There can be no assurance that agreements will be reached with these communities.

- *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.