

MANICOUAGAN MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Form 51-102 F1
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(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 nine months ended September 30, 2011 with comparatives for the same period a year earlier. On January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") with the transition date of January 1, 2010. These unaudited interim financial statements including comparative figures have been prepared by the Company in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting, and IFRS 1 - First-time Adoption of IFRS. The note 4 to the unaudited interim financial statements presents the IFRS adjustments made to equity following the transition to IFRS. This MD&A should be read in conjunction with the Company's audited financial statements and accompanying notes for the year ended December 31, 2010, 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 November 16, 2011. 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 precious and base metal projects in the Provinces of Ontario, 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. As of the date of the MD&A, the financial position of the Company was such that its ability to continue operations depends on raising additional funds through the equity markets by the end of the year.

Exploration activities

Mineral Properties	Location	Current Interest (November 16, 2011)	Area
Pickle Lake	Ontario	51% (39 claims) and 100% (13 claims)	78 km ² 26 km ²
Brabant Lake	Saskatchewan	100% - (1 mining lease + 4 claims) On option (1 claim)	28 km ² 3 km ²
HPM/Forgues	Quebec	50% (14 claims) and 100% (84 claims)	7 km ² 42 km ²

Pickle Lake Properties (Dorothy-Dobie Lake, Kasagiminnis, and Pickle Lake East) - Trillium North Option / Joint Venture— Ontario (Gold)

On April 15, 2009, the Company entered into an agreement with Trillium North Minerals Ltd. ("Trillium North") pursuant to which it could earn up to a 70% interest in three gold exploration properties in the Pickle Lake Area, Ontario. On April 15, 2010, the Company earned a 51% interest in the Pickle Lake Properties and elected to incur the next \$1,500,000 in exploration expenditures on the properties to increase its interest to 70%.

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The Pickle Lake Properties consist of three non contiguous claim groups known as the Pickle Lake East Property (21 claims), the Kasagiminnis Property (3 claims) and the Dorothy-Dobie Lake Property (15 claims). Collectively, the properties cover an area of approximately 78 km². 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: Pickle Crow (1.45Moz at 16.1gpt), Central Patricia (0.65Moz at 12.0gpt), Golden Patricia (0.45Moz at 19.9 gpt Au) and Dona Lake (0.21Moz at 8.6gpt).

In late July 2011, Manicouagan completed a follow-up diamond drill program on its Kasagiminnis Property to test for the down-dip extension of the encouraging results from the "Phase One" drill program carried out earlier this year. The previous drill program consisted of nine holes (KAS-11-01 to KAS-11-09) totaling 964 metres that were drilled to test a 250 metre interval along the 1,300 metre long gold bearing zone previously outlined by Moss Resources and Power Exploration Inc. in the mid to late 1980's. Assay results reported included 6.60 g/t over 7.9 metres in hole KAS-11-04.

Based on the encouraging results one additional claim was staked on either side of the property to cover possible extensions of mineralized structure.

The more recent "Phase Two" drill program consisted of five holes KAS-11-10 to KAS-11-14 totalling 1,095 metres. KAS-11-10 had to be abandoned before reaching its targeted depth. The remaining four holes (KAS-11-11 to KAS-11-14) all intersected the gold bearing zone at depth.

Assay results greater than 2.5 ("g/t") from the Phase 1 drilling program were rerun using a gravimetric finish. All results from the two phase drilling program, both fire assay "AA" and Gravimetric "Grav", are presented in the tables below.

Kasagiminnis Lake Phase One Drill Results					
Hole	From (m)	To (m)	Length (m)	Au gpt AA	Au gpt Grav.
KAS-11-01	116.7	127.8	11.1	2.82	2.76
incl.	120.7	125.7	5.0	4.55	4.45
KAS-11-02	hole abandoned				
KAS-11-03	hole abandoned				
KAS-11-04	126.1	134.0	7.9	6.60	7.24
incl.	126.1	128.0	1.9	12.86	12.70
KAS-11-05	67.5	70.5	3.0	2.52	2.21
and	75.5	77.5	2.0	5.20	6.02
KAS-11-06	63.5	64.5	1.0	4.21	3.79
and	98.3	99.7	1.4	6.24	7.05
KAS-11-07	27.7	51.7	24.0	0.69	0.83
incl.	27.7	28.5	0.8	6.95	8.94
KAS-11-08	71.3	93.0	21.7	1.85	1.91
incl.	72.3	74.8	2.5	4.60	5.70
and	83.6	87.0	3.4	4.49	4.78
KAS-11-09	49.5	57.5	8.0	2.91	2.79
incl.	49.5	51.3	1.8	4.73	5.22
and	54.2	55.7	1.5	5.80	5.62

note: true widths are currently estimated at 50-80% of drilled widths

Kasagiminnis Lake Phase 2 Drill Results					
Hole	From (m)	To (m)	Length (m)	Au gpt AA	Au gpt Grav.
KAS-11-10		hole abandoned			
KAS-11-11	229.7	230.7	1.0	5.64	4.88
KAS-11-12	231.0	232.0	1.0	2.64	2.12
KAS-11-13	204.3	205.3	1.0	2.07	NA
KAS-11-14	233.8	234.8	1.0	5.85	3.62
and	240.0	241.0	1.0	6.21	6.80

note: true widths are currently estimated at 50-65% of drilled widths

No field work was carried out on the Pickle East Lake or Dorothy-Dobie Lake Properties during the third quarter of 2011.

Expenditures for the three months ended September 30, 2011 totalled \$315,680 on the Pickle Lake option properties, all incurred on the Kasagiminnis Property.

Pickle Lake – Other properties (Gold)

During the third quarter, the Company contracted Fugro Airborne Surveys Corp. to fly a helicopter borne HELITEM Time Domain Electromagnetic and magnetic survey with a 125 metre flight line spacing over its 100% owned Dona Lake Property located 10 kilometres southeast of the town of Pickle Lake. The Dona Lake Property adjoins Goldcorp's Dona Lake Mine, which between 1989 and 1994 was operated by Placer Dome and produced approximately 250,000 ounces from 0.94 million tonnes of ore. Preliminary results have been received and are currently being evaluated and interpreted by the Company's consultants.

Expenditures for the three months ended September 30, 2011 totalled \$62,300 on the Dona Lake Property.

Option agreement with Tri Origin Exploration Ltd. ("Tri Origin").

On August 2, 2011, the Company optioned two of its 100% owned claims blocks forming part of the Pickle Lake Properties to Tri Origin. Tri Origin can earn up to a 51% interest in the properties by paying \$2,000 (received) and making work commitments of \$200,000 over a three year period. The two optioned claims are located in the central portion of Tri Origin's 50 square kilometre Sky Lake property that is located several kilometres west of Manicouagan's Kasagiminnis Property.

Brabant Lake Property – Saskatchewan (Zinc)

The Company holds a 100% interest in the Brabant Lake mining lease (21 claims) and the four claims. The property covers approximately 28 km².

No field work was carried out on the Brabant Lake Property during the third quarter of 2011.

Expenditures for the three months ended September 30, 2011 totalled \$3,792 on the Brabant Lake Property.

Option agreement

On September 16, 2011, the Company entered into an option agreement with the owners of mining claim MCSA-003 to earn a 100% interest in the claim. To exercise the option and earn its interest, the Company must make payments to the owners aggregating \$75,000 and 65,000 common shares of the Company in accordance with the following schedule of payments:

- (i) \$10,000 (paid) upon the receipt by the Company of the signed claim transfer;
- (ii) \$15,000 and issuance of 15,000 common shares of the Company on or before September 30, 2012;
- (iii) \$20,000 and issuance of 20,000 common shares of the Company on or before September 30, 2013;
- (iv) \$30,000 and issuance of 30,000 common shares of the Company on or before September 30, 2014;
- (v) provided that such payments may be accelerated at any time in the sole discretion of the Company.

The option agreement provides the owners with a 2% NSR, which the Company has the option of acquiring 50% of it by paying the sum of \$300,000.

Option/ Joint Venture Agreement with Votorantim Metals Canada Inc.

On October 31, 2011, the Company signed the definitive option/joint venture agreement with Votorantim Metals Canada Inc. ("Votorantim") to option its 100% owned Brabant Lake zinc project. Votorantim can earn a 60% interest by making cash payments and incurring exploration expenditures in accordance with the following schedule:

Cash payments:

- (i) \$80,000 (received) upon the signing of the definitive option/joint venture agreement;
- (ii) \$85,000 on the first anniversary of the agreement;
- (iii) \$175,000 on the second anniversary of the agreement; and
- (iv) \$200,000 on the third anniversary of the agreement.

Exploration expenditures:

- (i) \$300,000 within one year of the execution date of the agreement;
- (ii) \$500,000 on or before the first anniversary of the agreement;
- (iii) \$850,000 on or before the second anniversary of the agreement; and
- (iv) \$900,000 on or before the third anniversary of the agreement.

Upon Votorantim earning its 60% interest, a joint venture will be formed whereupon future expenditures will be shared in proportion to each party's interest. Should either party's interest dilute to 10%, this interest will convert to a 2% NSR. The other party has the option to purchase 50% of the NSR for \$1,000,000.

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

The Company holds a 50% interest in the HPM/Forgues Property and Pure Nickel Inc. ("Pure Nickel") holds the other half.

No field work was carried out on the HPM/Forgues Property during the three months ended September 30, 2011 and expenses of \$300 related to maintenance costs were incurred. The project consisted of 98 claims as at September 30, 2011.

Mouchalagane Property – Quebec (Nickel/Copper/Platinum Group Metals)

In the second quarter of 2011, the Company contracted GeophysicsOne Inc. to re-interpret the AeroTEM airborne magnetics and EM over the main Mouchalagane claim group to identify any untested nickel/copper/platinum group elements targets that have not been previously identified and/or tested.

New results from this work included a 3D model of the magnetic data, re-interpretation of the AeroTEM data to eliminate spurious anomalies and the production of vertical derivative images for the magnetics to improve near surface magnetic anomalies.

Eleven new targets were identified, six of which were followed up in a prospecting/trenching program conducted by IOS Services Géoscientifiques Inc. of Saguenay, Quebec. Assay results and a report of work completed are expected in November 2011.

Expenditures for the three months ended September 30, 2011 totalled \$200,725 on the Mouchalagane Property.

Other properties - Quebec

As at September 30, 2011, the Company held a 100% interest in the claims forming the Manicouagan and Mouchalagane properties and is continuing to seek joint venture partners to advance these projects.

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, properties in Ontario are generally accessible all year round. Access to Pickle Lake East is via a network of bush roads while access to the Kasagiminnis and Dorothy-Dobie Properties is by float plane or helicopter. 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). All projects in Quebec can be accessed from January to September as weather limits the activities during other times of the year.

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

As at September 30, 2011, the Company's working capital was insufficient to cover its remaining flow-through commitment of \$86,461 and will be required to raise additional funds on the equity market in order to cover its administrative expenses and to fund more aggressive exploration programs. The Company is endeavouring to raise additional funds by the end of the year, however the equity markets have shown signs of weakness over a number of months and such financing might be reduced in size and/or delayed.

By the end of December 31, 2011, the Company expects to meet its remaining flow-through commitment of \$86,461. As of the date of this MD&A, the flow-through commitment is approximately \$48,610.

Mr. Brian Carter, director of the Company, became Interim CEO on July 11, 2011.

The Company continues to evaluate other gold properties and opportunities to add to its portfolio. Manicouagan also continues to seek option or joint venture opportunities for its existing properties.

The Company will continue to advance the process of consultation with the Cat Lake and Slate Falls First Nations in the vicinity of Pickle Lake, Ontario.

RESULTS OF OPERATIONS

For the nine months ended September 30, 2011, the Company incurred a net loss of \$1,799,620 compared to \$1,201,892 in 2010 for a total increase of \$597,728. The main expenses are: exploration costs of \$1,242,056 (2010 - \$365,923) and management fees of \$243,334 (2010 - \$260,796). Interest income was \$9,454 (2010 - \$7,851). The exploration costs of \$1,242,056 included \$171,573 for the airborne survey at Brabant Lake, \$686,197 for the drilling program at Kasagiminnis, \$206,925 for prospecting at Mouchalagane, \$62,300 for the airborne survey at Dona Lake and \$62,770 in general exploration costs related to seeking new opportunities and advancing its current portfolio of properties.

SUMMARY OF QUARTERLY RESULTS

	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010	Third Quarter 2010	Second Quarter 2010	First Quarter 2010	Fourth Quarter 2009
Interest income	\$1,647	\$3,641	\$4,166	\$3,858	\$3,776	\$2,649	\$1,426	\$2,846
Exploration costs	\$582,797	\$383,074	\$276,185	\$139,860	\$102,873	\$244,732	\$18,318	\$847,070
Loss	\$762,788	\$578,371	\$458,461	\$336,163	\$405,081	\$572,598	\$224,213	\$971,560
Loss per share ⁽¹⁾	\$0.04	\$0.03	\$0.03	\$0.02	\$0.03	\$0.03	\$0.02	\$0.07
⁽¹⁾ Loss per share remains the same on a fully diluted basis. The calculation of loss per share has been adjusted following the consolidation of share capital made on June 20, 2011.								

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.

The change in the loss from quarter to quarter for 2011, 2010 and 2009 is mainly the result of the variation in the exploration activities (exploration costs and write-offs of the mineral properties) and the stock-based compensation costs.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2011, the Company had no debt, cash and cash equivalents of \$269,434 and working capital deficit of \$72,411 (\$1,249,325 and \$1,691,664 respectively, as at December 31, 2010). The Company's cash and cash equivalents are currently invested in an interest bearing account with a major Canadian chartered bank. As at September 30, 2011, the Company's remaining flow-through liability for 2011 was \$333,453, which is higher than its cash balance at the same date. The Company is endeavouring to raise additional funds by the end of the year, however the equity markets have shown signs of weakness over a number of months and such financing might be reduced in size and/or delayed. The Company anticipates meeting its flow-through obligation by December 31, 2011.

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As at September 30, 2011, the Company had amounts receivable totalling \$100,077 (\$385,105 as at December 31, 2010) which consisted of credits on duties refundable for losses (Quebec) of \$21,016 (\$350,132 as at December 31, 2010) and GST/HST and QST receivable of \$79,061. The GST/HST and QST amount was received in October 2011. On November 11, 2011, the Company received the \$80,000 from Votorantim in accordance with the definitive option/joint venture agreement.

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 \$24 million since 2004.

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. Although the global economy and financial markets are recovering, the impact on our business and the cost and availability of financing remain uncertain and could affect our overall liquidity.

The Company is endeavouring to raise additional funds by the end of the year, however the equity markets have shown signs of weakness over a number of months and such financing might be reduced in size and/or delayed.

On June 20, 2011, the Company consolidated its share capital on 10 to 1 basis following the approval from its shareholders on June 8, 2011.

Options & Warrants

No options or warrants were exercised during the period ended September 30, 2011.

During the first and third quarter of 2011, 207,667 options expired unexercised.

As at September 30, 2011, the number of stock options, warrants and broker units is summarized as follows:

• Stock Options	865,833
• Warrants	3,714,635
• Broker Units*	285,171

**(Each Broker Unit entitles the holder to acquire one common share and one common share purchase warrant).*

Commitments

Lease

As at September 30, 2011, the Company was a party to a lease for office space which expires on January 31, 2012. The aggregate commitment under this lease is \$5,280, payable as follows: 2011 - \$3,960 (3 months) and 2012 - \$1,320 (1 month). 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.

Flow-through exploration

As at September 30, 2011, the Company had an obligation to incur \$86,461 in qualifying exploration expenditures by December 31, 2011.

Memorandum of Understanding

The Company has signed an Exploration Memorandum of Understanding with Mishkeegogamang Ojibway First Nation. While the consultations continue toward the completion of a memorandum of understanding ("MoU") with other First Nations (Cat Lake and Slate Falls), the financial implications, if any, of a MoU or several MoUs cannot be quantified at this time.

Long-term contractual obligations

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 nine months ended September 30, 2011, the Company concluded transactions with businesses controlled by directors and/or officers totalling \$217,732 (2010 - \$218,350). These transactions relate to services rendered to the Company and were included in the management fees (\$215,600) and exploration costs (\$2,132). As at September 30, 2011, an amount of \$93,206 (2010 - \$nil) was 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 POLICIES AND ESTIMATES

These unaudited interim financial statements have been prepared in accordance with the IFRS applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting, and IFRS 1 – First-time Adoption of IFRS. Subject to certain transition exceptions and exemptions, the Company has consistently applied the same accounting policies in its opening IFRS statement of position at January 1, 2010 and throughout all periods presented, as if these accounting policies had always been in effect. Note 4 of the financial statements for the three and nine months ended September 30, 2011 discloses the impact of the transition to IFRS on the Company's reported statement of financial position, statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows, including the nature and effect of significant changes in accounting policies from those used in the previous Canadian GAAP financial statements for the year ended December 31, 2010. Comparative figures for 2010 have been adjusted to give effect to these changes.

The policies applied in these unaudited interim financial statements as at September 30, 2011 and for the three and nine months ended September 30, 2011 and 2010 are based on IFRS issued and outstanding as of November 16, 2011, the date that the Board of Directors approved these unaudited interim financial statements. Any subsequent changes to IFRS that will be applied in the annual financial statements as at

and for the year ending December 31, 2011 could result in the restatement of these interim unaudited financial statements, including the transition adjustments recognized on transition to IFRS.

The full description of accounting policies and estimates are presented in the relevant section of Company's financial statement for the three and nine months ended September 30, 2011.

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the statement of financial position 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 property, plant and equipments and of mineral property interest, the valuation of deferred income tax assets and liabilities, the rates of depreciation of property, plant and equipment and the fair value of stock-based compensation and other stock-based payments. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual amounts could differ from the estimates used and, accordingly, affect the results of operations.

Mineral Properties

The Company records its interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. Significant non-exploration costs related to mineral properties are capitalized until the viability of the mineral properties is determined. These costs will be amortized over the estimated useful life of mineral properties following commencement of production or written off if the mineral properties or projects are abandoned.

The Company has not yet determined whether the projects contain economically recoverable reserves. The recoverability of the cost of mineral properties 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 losses and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for losses under the Quebec Mining Duties Act. This credit on duties refundable for losses applies on non flow-through mineral exploration expenses incurred in the Province of Quebec. The rates are 15% in 2011 and 16% in 2012 but apply only on 50% of mineral exploration expenses.

Also, the Company is entitled to the refundable tax credit for resources for mineral companies on qualified expenditures incurred in the Province of Quebec. The refundable tax credit for resources may reach 35% (south of 52nd parallel) or 38.75% (north of 52nd parallel) of qualified expenditures incurred.

Tax credit for resources and credit on duties are accounted for using the cost reduction method. Accordingly, tax credit for resources and credit on duties are recorded as a reduction of the related expenses or capital expenditures in the period the expenses are incurred, provided that the Company has reasonable assurance the tax credit for resources and credit on duties will be realized.

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, deferred 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.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As at September 30, 2011, the Company had taxes payables of \$26,560 (\$40,548 as at December 31, 2010) following the application of the Ontario tax harmonization. The amount is payable over the next 2.25 years (2011 – 2013).

As at December 31, 2010, the Company had non-capital losses carried forward of \$8,101,498 and the future tax assets related to these non-capital losses and other items as described in note 16 of the December 31, 2010 financial statements have not been recorded in the accounts of the Company and accordingly, a valuation allowance has been recognized.

TRANSITION TO IFRS

The effect of the Company's transition to IFRS is summarized as follows:

Exemptions and exceptions from full retrospective application elected by the Company

A number of optional exemptions from full retrospective application are available to the Company upon adoption of IFRS. The impact of all these optional exemptions on the Company is listed below:

The Company has applied the following exemptions:

Exemption	Application of exemption
Business Combinations exemption	The Company has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to January 1, 2010 transition date. No adjustment was required
Share-Based payment transaction exemption	The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from January 1, 2010 to those options that were issued after November 7, 2002 but that have not vested by January 1, 2010. No adjustment was required

Flow-through shares

Under Canadian GAAP, when flow-through shares are issued, they are initially recorded in share capital at their issue price. Under IFRS, flow-through shares are recognized based on the quoted price of the existing shares on the date the Company and the investors agree to the transaction. The difference ("premium") between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liabilities which is reversed into the statement of loss within other income when the eligible expenditures are incurred. The amount recognized as flow-through share related liabilities represented the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares.

The cumulative premium as at January 1, 2010 related to flow through shares issued before January 1, 2010 is \$2,080,630. There was no premium on the 2010 flow-through financing.

Impact on Interim Statement of Financial Position

	As at December 31, 2010 \$	As at September 30, 2010 \$	As at January 1, 2010 \$
Decrease to share capital	(2,080,630)	(2,080,630)	(2,080,630)
Decrease to deficit	2,080,630	2,080,630	2,080,630

The transition to IFRS for flow-through shares had no impact on the Statement of Loss and Comprehensive Loss and on the Statement of Cash Flows presented during these periods.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

International Financial Reporting Standard 9 - Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

In May 2011, the International Accounting Standards Board ("IASB") issued the following standards which have not yet been adopted by the Company:

International Financial Reporting Standard 10 - Consolidated Financial Statements ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

International Financial Reporting Standard 11 - Joint Arrangements ("IFRS 11")

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

International Financial Reporting Standard 12 - Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

International Financial Reporting Standard 13 - Fair Value Measurement ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including International Accounting Standard 27 - *Separate Financial Statements* ("IAS 27") and International Accounting Standard 28 - *Investments in Associates and Joint Ventures* ("IAS 28"). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS13.

Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of the following:

Financial assets	Category
Cash and cash equivalents	Loans and receivables
Amounts receivable	Loans and receivables

Financial liabilities	Category
Accounts payable and accrued liabilities	Financial liabilities at amortized cost

Fair value

The fair value of amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity.

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 its investments and is satisfied with the creditworthiness of its financial institutions. As at September 30, 2011, the Company had an interest-bearing account with a Canadian chartered bank.

As at September 30, 2011 and December 31, 2010, the Company's exposure to interest rate risk is summarized as follows:

Amounts receivable	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data

As of November 16, 2011, the following are outstanding:

		Weighted Average Price
• Common Shares	17,850,807	
• Stock Options	826,333	\$1.22
• Warrants	3,714,635	\$1.13
• Broker Units*	285,171	\$0.50

*(Each Broker Unit entitles the holder to acquire one common share and one common share purchase warrant).

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.

- *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. The legislation received Royal Assent on October 28, 2009. Until the accompanying regulations are promulgated, the Company is unable to assess the overall impact that this legislation could have on its activities.

On June 2, 2009, the Ministry of Natural Resources introduced proposed legislation that would allow for sustainable development of the region's natural resources and protect at least half of the Far North of Ontario in an interconnected network of protected areas. The *Far North Act* received Royal Assent on October 25, 2010 and is the legislative foundation for land use planning in the Far North. At the current time, the Company is unable to assess the impact that this legislation could have on its activities.

The Company has initiated consultations with 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 mineral 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.