

**MANICOUAGAN MINERALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Form 51-102 F1**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 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") for the three and nine months ended September 30, 2008 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, 2007, 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 18, 2008. The Company's public filings can be reviewed on the SEDAR website ([www.sedar.com](http://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. 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

<b>Mineral Properties</b>	<b>Location</b>	<b>Current Interest</b> (November 18, 2008)	<b>Area</b>
<b>Brabant Lake</b>	Saskatchewan	100% - mining lease (21 claims)	4.11 km <sup>2</sup>
<b>Mouchalagane</b>	Quebec	100% (493 claims)	247.01 km <sup>2</sup>
<b>HPM/Forgues</b>	Quebec	on option (39 claims) and 100% (250 claims)	11.48 km <sup>2</sup> 129.20 km <sup>2</sup>
<b>Winter House</b>	Quebec	100% (141 claims)	73.62 km <sup>2</sup>
<b>Seignelay</b>	Quebec	100% (239 claims)	125.41 km <sup>2</sup>
<b>Lac Maugue</b>	Quebec	100% (714 claims)	379.15 km <sup>2</sup>
<b>Manicouagan</b>	Quebec	100% (837 claims)	444.40 km <sup>2</sup>

**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 4.11 km<sup>2</sup>. 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.

The updated resource estimate is set out below.

<b>2008 MPH/P&amp;E Resource Estimate</b> <sup>1,2,3,4</sup>											
	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 Mining Consultants Inc., and Gerald Harron, P.Eng. of MPH Consulting Limited 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.

Total expenditures for the nine months ended September 30, 2008 were \$477,359.

### **Mouchalagane Nickel/Copper/PGE Property – Quebec**

Late in the second quarter of 2008 a diamond drilling program was initiated on the Mouchalagane Property. Ten holes (MCH-08-01 to 10) totaling 1770 meters 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 meters west of the Bob Showing.

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.

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
<b>MCH-08-02</b>	86.46	92.93	6.47	963	1639	0.89	0.28
<b>Including</b>	87.45	89.56	2.11	1797	2305	1.00	0.36
<b>MCH-08-04</b>	90.86	91.75	0.89	3034	2406	2.25	0.26
<b>MCH-08-08</b>	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

Selected samples have been sent to Activation Laboratories of Ancaster, Ontario and will be assayed 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) and rhenium (Re). Results are pending. Significant rhodium and ruthenium values were encountered during the 2007 drilling program. For example, sample 151082 consisting of 0.26 metres of core (42.64 metres to 42.90 metres down hole) from diamond drill hole MCH-07-05 contains 1,230 ppb (parts per billion) rhodium and 1,380 ppb ruthenium (1,000 ppb equals 1 gram per tonne) in addition to significant platinum and palladium values. (See Manicouagan Press Releases of April 23, 2008, February 21, 2008 and January 29, 2008).

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](http://www.tslabs.com).

The final results from the 6,400 line km AeroTEM II (airborne electromagnetic and magnetic) survey completed in the second quarter of 2008 were received from Aeroquest. 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 is still pending while results from the soil sampling are currently being compiled.

All of the grids were geologically mapped with a total of 418 rock samples being sent to TSL Laboratories. Interpretation of the results is pending.

Total expenditures for the nine months ended September 30, 2008 were \$1,863,434.

### **HPM/Forgues Property – Quebec**

In 2007, the property was optioned by the Company from Pure Nickel Inc. Manicouagan believes that the HPM/Forgues 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.

During the second quarter of 2008, the Company completed 17 diamond drill holes (HPM-08-01 to HPM-08-17) totaling 3,388 meters 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 holes HPM-08-01 to 05 and 08 while results from drill core containing significant visible sulphide mineralization have been received from holes HPM-08-09, 10 and 11. Assay results from the remaining drill holes are pending.

Significant assay results received to date are presented below.

Hole ID	(metres)			% (ii)		ppm
	From	To	Interval (i)	Nickel	Copper	Cobalt
<b>HPM-08-01</b>	78.60	84.07	5.47	2.34	0.97	1237
<b>HPM-08-02</b>	87.79	95.26	7.47	1.60	0.76	888
<b>HPM-08-03</b>	79.82	123.00	43.18	1.74	0.90	904
<b>HPM-08-04</b>	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
<b>HPM-08-05</b>	209.80	229.45	19.65	0.46	0.17	216
including	209.80	212.33	2.53	0.98	0.23	486
<b>HPM-08-08</b>	104.96	106.12	1.16	1.71	0.25	965
and	140.25	142.61	2.36	0.79	0.30	441
<b>HPM-08-09</b>	147.46	149.40	1.94	2.07	0.84	1084
<b>HPM-08-10</b>	121.39	123.46	2.07	0.63	0.08	341
<b>HPM-08-11</b>	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
and	109.93	111.00	1.07	2.20	0.44	1083

(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 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 the third quarter of 2008, the final results from the AeroTEM II (airborne electromagnetic and magnetic) survey completed in the second quarter of 2008 were received from Aeroquest and a preliminary interpretation by Manicouagan's consultant geophysicist has been carried out. Based on the consultant geophysicist recommendation priority targets were identified and some were ground truthed prior to suspension of exploration activities due to deteriorating weather conditions. Results from the prospecting program are pending.

Total expenditures for the nine months ended September 30, 2008 were \$1,472,568.

### 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% Net Smelter Return Royalty ("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 at September 30, 2008, the property consisted of 141 claims covering an area of 73.62 km<sup>2</sup>.

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. Interpretation of the results is underway.

Total expenditures for the nine months ended September 30, 2008 were \$92,008.

### **Seignelay Property – Quebec**

The final results of the detailed helicopter borne electromagnetic and magnetic surveys are being compiled and interpreted.

Total expenditures for the nine months ended September 30, 2008 were \$214,183.

### **Other**

The Company is currently seeking a joint venture partner to advance its Lac Mague and Manicouagan projects located in the province of Quebec.

All significant results from field work completed by the Company are available on the Company's website at [www.manicouaganminerals.com](http://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.*

## **RESULTS OF OPERATIONS**

For the nine months ended September 30, 2008, the Company incurred a net loss of \$866,560 compared to \$1,083,089 in 2007. This difference of \$216,529 is mainly explained by a reduction of \$191,633 in tax on flow-through shares which was a one-time 2007 expense as a result of claims made by certain flow-through shareholders that purchased flow-through shares in 2002. Other significant variances include: a decrease in non-cash stock-based compensation (\$104,422 - \$192,361 in 2007), a decrease in interest income (\$65,529 – \$133,058 in 2007) and an increase in future income tax liabilities (\$44,127 – nil in 2007).

The Company incurred expenditures of \$4,208,344 in relation to exploration activities for the nine months ended September 30, 2008. An amount of \$3,730,985 (before tax credits) was invested on the properties located in Quebec and the balance of \$477,359 was invested on the Brabant Lake property, in Saskatchewan. The estimated tax credits (Quebec Government) of \$1,372,073 for the nine months ended September 30, 2008 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 property in Saskatchewan is accessible most of the year except during freeze-up (3 weeks) in the fall and spring thaw (4-5 weeks).

## SUMMARY OF QUARTERLY RESULTS

	Third Quarter 2008	Second Quarter 2008	First Quarter 2008	Fourth Quarter 2007
Interest income	\$29,000	\$11,093	\$25,436	\$34,624
Loss	\$268,451	\$297,955	\$300,154	\$4,324,251
Loss per share <sup>(1)</sup>	\$0.00	\$0.00	\$0.00	\$0.03

	Third Quarter 2007	Second Quarter 2007	First Quarter 2007	Fourth Quarter 2006
Interest income	\$54,662	\$61,403	\$16,993	\$17,589
Loss	\$395,254	\$408,981	\$278,854	\$298,221
Loss per share <sup>(1)</sup>	\$0.00	\$0.00	\$0.00	\$0.01

<sup>(1)</sup> Loss per share remains the same on a fully diluted basis

Due to the nature of the business, the cash balance and short-term investments generating the interest income 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.

For the quarter ended September 30, 2008, the Company incurred a loss of \$268,451 compared to a loss of \$395,254 for the comparative period in 2007. The difference is mainly due to a reduction of \$191,633 in tax on flow-through shares which was a one-time 2007 expense as a result of claims made by certain flow-through shareholders that purchased flow-through shares in 2002 offset by an increase of \$29,130 in non-cash stock-based compensation (\$53,550 versus \$24,420 in 2007).

For the quarter ended December 31, 2007 (fourth quarter), the Company incurred a loss of \$4,324,251 compared to a loss of \$298,221 for the comparative period in 2006. Expenses for the last quarter of 2007 include the write off of the Manicouagan property for an amount of \$5,850,723 (2006 - \$9,338) and recovery of future income taxes for an amount of \$1,815,942. If these two items had been excluded, the loss would have been similar to that incurred in 2006.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2008, the Company had no debt and had cash and cash equivalents of \$2,833,518 and a working capital of \$3,522,219 (\$2,851,400 and \$4,429,172 respectively as at December 31, 2007). This includes \$2,172,284 (\$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 September 30, 2008, the Company had accounts receivable totaling \$1,841,448 (\$1,880,739 as at December 31, 2007) which consisted mostly of Quebec Refundable Tax Credit for Resources of \$1,062,956 (\$1,039,480 as at December 31, 2007). An amount of \$507,355 (\$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.

On June 27, 2008, the Company completed the first tranche of a non-brokered private placement for gross proceeds of \$930,000. Pursuant to this private placement, the Company issued 4,650,000 flow-through commons shares at a price of \$0.20 per share.

On July 16, 2008, the Company completed the second tranche of the non-brokered private placement for gross proceeds of \$1,180,000. Pursuant to this private placement, the Company issued 5,900,000 flow-through common shares at a price of \$0.20 per share.

In connection with this non-brokered private placement (first and second tranche), the Company paid cash commissions / finder's fees totaling \$123,300.

On August 26, 2008, the Company completed a non-brokered private placement for gross proceeds of \$600,000. Pursuant to this private placement, the Company issued 3,000,000 flow-through common shares at a price of \$0.20 per share.

In connection with this non-brokered private placement, the Company paid cash commissions / finder's fees totaling \$36,000.

### Options & Warrants

No options or warrants were exercised during the period.

### Commitments

As at September 30, 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 \$125,003, payable as follows: 2008 - \$20,984 (three months), 2009 - \$70,652, 2010 - \$30,800 and 2011 - \$2,567 (one month). 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.

As at September 30, 2008, the Company had an obligation to incur approximately \$1,289,326 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 quarter ended September 30, 2008, the Company concluded transactions with an officer and businesses controlled by directors and/or officers totaling \$86,375 (2007: \$104,090). These transactions relate to services rendered to the Company and were included in the following accounts: management fees \$67,125 (2007: \$72,905) and exploration costs for \$19,250 (2007: \$31,185). As at September 30, 2008, an amount of \$25,060 (2007: \$0) 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 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 \$8,300,259 net carrying value of the projects as at September 30, 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 (\$507,355 as at September 30, 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 (\$1,062,956 as at September 30, 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 September 30, 2008, the Company had long-term future income tax liabilities of \$1,648,289 (\$434,406 as at December 31, 2007).

As at December 31, 2007, the Company had non capital losses carried forward of \$4,330,987. 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 interim 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 interim 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 interim financial statements of the Company.

### Future accounting changes

#### **International Financial Reporting Standards ("IFRS")**

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in

2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. A calendar year-end public company will be required to have prepared, in time for its first 2011 quarter filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010.

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

### **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.

## **FINANCIAL INSTRUMENTS**

### Fair value

The fair value of interest receivable and accounts payable and accrued liabilities approximates their carrying value due to the 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 September 30, 2008, the Company had an interest bearing account with a Canadian chartered bank.

As at September 30, 2008 and December 31, 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 November 18, 2008, the following were outstanding:

• Common Shares	141,861,723
• Stock Options	10,028,334
• Warrants	6,611,334
• Broker Warrants	2,113,758

### Disclosure Controls and Procedures

The Company's certifying officers, the President & CEO and the CFO, have designed and supervised control procedures over financial reporting and disclosure, which they believe provide reasonable assurance that material information is properly reported or disclosed in a timely manner. The officers believe that the Company's control procedures provide reasonable assurance that the accounts of the Company and the Company's financial statements for the three-month period ended September 30, 2008, were prepared in accordance with Canadian generally accepted accounting principles. The officers are of the opinion that there were no changes in the third quarter of 2008 that have materially affected or are likely to materially affect the Company's internal control over financial reporting.

### Internal Control Over Financial Reporting

The Company's management with the participation of its Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP"). The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

There has been no change in the Company's internal control over financial reporting during the Company's nine-month period ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### Limitations of Controls and Procedures

The Company's management including the Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

## 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, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. The Company attempts to balance this 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 movements 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 to it 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 investment 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 reduction in 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.*