

# *S.E.M. Vior Inc.*

## MANAGEMENT'S DISCUSSION and ANALYSIS

For the year ended June 30, 2007

### **Scope of Management's Financial Analysis**

This analysis should be read in conjunction with the Company's audited annual financial statements and the related notes thereto for the years ended June 30, 2007 and 2006. Our financial statements have been prepared in accordance with Canadian generally accepted accounting principles (PCGR).

### **Forward-Looking Statements**

This document may contain forward-looking statements reflecting the management's expectations with respect to future events. Such forward-looking statements are dependent upon a certain number of factors and are subject to risks and uncertainties. Actual results may differ from those expected. The company's management does not assume any obligation to update or revise these forward-looking statements as a result of new information or future events.

### **Nature of Activities**

The Company, incorporated under Part IA of the Québec Companies Act, is in the business of acquiring and exploring mining properties. It has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The Company is engaged in the exploration and development of gold-bearing properties and of quality base metals in known and accessible mining regions of Canada, using advanced exploration techniques. The main focus of the company is the Douay West project, located 60 km south of Matagami, in the northern section of the volcanic belt of Abitibi. This project, at the prefeasibility state, contains resources near the surface of 190,000 ounces grading 5.7 g/t Au.

## Selected Financial Information

	Earnings for the years ended June 30,		
	2007	2006	2005
	\$	\$	\$
<b>Revenues</b>			
Royalties	73,234	76,534	33,123
Interest	34,732	7,439	8,223
Fees	9,524	-	-
Gain on sale of short-term investments	-	62,217	29,510
	117,490	146,190	70,856
<b>Expenses</b>			
Administrative expenses	646,010	460,614	472,199
Search for mining properties	15,639	7,235	12,586
Loss on writeoff of mining properties	-	-	1,715,048
	661,649	467,849	2,199,833
Future income taxes	14,418	-	233,000
Share in the significantly-influenced company's net earnings	37,380	4,042	31,060
<b>Net loss for the year</b>	(492,361)	(317,617)	(1,864,917)
<b>Basic and diluted net loss per share</b>	(0.008)	(0.006)	(0.038)

## Other Information

	As at June 30,		
	2007	2006	2005
	\$	\$	\$
<b>Total assets</b>	5,654,707	3,419,684	2,355,220
<b>Future income tax liabilities</b>	737,022	325,376	110,937
<b>Shareholders' Equity</b>	4,691,538	2,998,267	2,073,779

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future financial growth, and any other factor that the Board of Directors deems necessary to consider in the circumstances. It is highly unlikely that any dividends will be paid in the near future.

## Exploration Activities

The technical data that follows was prepared by Marco Gagnon, Geologist and Vice-President, Exploration and Acquisitions of the Company. Mr. Gagnon is a Qualified Person as defined by National Instrument 43-101.

Explorations expenses for the twelve-month period ended June 30, 2007 amounted to \$1,347,098 (\$1,118,000 in 2006). The level of expenses during this fiscal year increased compared to the previous year as more exploration and development work was performed on the company's properties. The Douay and Douay West properties were the main beneficiaries of this exploration with expenditures of \$1,081,141 spent on these properties.

## **Project and New Acquisitions**

As at June 30, 2007, the Company held a portfolio of 17 mining properties in the Province of Quebec, covering more than 50,500 hectares, (11 properties totalling 26,000 hectares in 2006).

In September 2006, the company proceeded with the map staking of several mining properties totalling 7,000 hectares in the High St-Maurice structural zone in the center of the Province of Quebec in the La Tuque area. The Kennedy and Bourgeoys properties were acquired following geological modelling work of the High St-Maurice tectonic zone, using GIS and following a field investigation of several quality targets during the summer and the fall of 2006. These properties cover magnetic anomalies associated with nickel-copper enriched zones in mafic to ultramafic intrusions in significantly faulted areas.

In November 2006 and February 2007, the company acquired the Fecteau property (Press Release «PR» of November 14, 2006) and the Buteaux-Desgagnés properties (PR of February 22, 2007) located 130 kilometres south-west of Chibougamau and 110 kilometres east of Lebel-sur-Quévillon, Province of Quebec. These properties cover respectively 3,000 hectares and 2,500 hectares and are adjacent to the Buteux property currently wholly-owned by Vior. This acquisition follows our geological modelling and evaluation work carried out in this area. The Cu-Zn mineralized zones on the Fecteau property are located on the same stratigraphic level, at the top of the felsic volcanics and are recognized over more than 2 kilometres. Very few shallow drill holes accurately tested the top of this volcanic sequence and the best intersection returned 5.1% Zn over 0.8 metres (GM 56272). In the southern part of the property, an auriferous structure, recognized over 1 kilometre, was also identified by shallow diamond drilling and the best intersections assayed 6.5 g/t Au over 1 metre, 5.2 g/t Au over 0.5 metre and 4.2 g/t Au over 0.8 metre (GM 48455). The Buteux-Desgagné property on the other hand, contains several high-grade gold showings within a synvolcanic felsic intrusion. These showings consist of centimetric to decimetric quartz veins which returned values ranging from 8 g/t Au to 85 g/t Au on selected samples. These veins were recognized over a 200-metre by 50-metre corridor. The Desgagnés gold anomalies have not been explored by diamond drilling to date.

In June 2007, Vior acquired 6 new uranium properties covering 136 km<sup>2</sup> on the Quebec North Shore Region (PR July 3, 2007). The acquisition of our properties follows the digitalization and reinterpretation of old radiometric surveys and exploration work conducted prior to the mid-eighties on Quebec's North Shore. Previous work realized on these properties lead to the recognition of uranium mineralization typical of the Rössing-type deposits. These uranium intrusion-related deposits are associated with pegmatites (Madawaska, Ontario), peraluminous granitoids and alaskites (Rössing, Namibia) or alkaline intrusions. This type of uranium mineralization is well documented in the Grenville Geological Province and remains relatively unexplored.

## **Exploration and Development Work**

### **Douay Area Properties**

Since the beginning of 1990, Vior acquired attractive mining properties totalling 11,400 hectares, located within map sheet NTS 32E/09 in Abitibi, Quebec. This area is distinguished by the presence of a volcano-sedimentary assemblage cross-cut by the Casa Berardi-Douay-Cameron

deformation corridor. The Douay properties are located 50 kilometres south-west of the town of Matagami, Québec, and are easily accessed by a road linking Matagami with the town of Amos. Four distinct properties (Douay East, Douay, Douay West and the Joutel Block) are owned 100% by the Company. The Douay North-West JV, located north-west of the Douay West property, is owned partially by Northern Abitibi Mining Corp. (50 %), SOQUEM (25 %; the operator of the project) and Vior (25%). These properties cover the key prospecting terrain of the Douay auriferous mining camp.

## **Douay**

From December 2006 to May 2007, 13 drill holes totalling 3,958 metres were drilled on the Douay property. This drilling program led to the discovery of a new gold structure that returned 18.6 g/t Au over 0.8 metre (DH – DO-07-16) located near surface, 450 metres to the west of the 531 Zone (PR March 5, 2007). This program also verified the western extension in proximity of this same zone without adding any significant resources. Other drill holes led to a better definition of the Main, 5-4 South and North Zones (PR March 28, May 10 and July 19 2007).

The discovery of a new zone located between the Douay West deposit and the 531 Zone (inferred resources of 730,000 tonnes grading 4.9 g/t Au: NI 43-101 – Geostat Systems International Inc. 2005) demonstrates that the potential to discover additional zones remains excellent all over the property. Bear in mind that this gold system contains 6 distinct mineralized zones within an eight-kilometre section of the Casa Berardi-Douay-Cameron fault. These zones are generally well defined by drilling but the possibility of further discoveries remains since most drilling was done within a large grid. These six zones include the Douay West deposit, the 531 Zone, the Main Zone (inferred resources of 300,000 tonnes grading 4.8 g/t Au and 3 low grade large tonnage porphyry zones.

The newly discovered mineralized zone remains open for exploration and further drilling will be needed to determine its extensions. In the following months, all data collected during this recent drilling program will be analysed and integrated into a new geological model. A new mineral inventory is expected in the fall of 2007.

## **Douay West**

During the first six months of 2006, Vior executed development work on the Douay West property including 12 drill holes that led to an increase in gold resources to 1 million tonnes grading 5.7 g/t Au or 190,000 ounces of gold. This resource calculation indicates a 36% increase over the previous resource calculation. As per NI 43-101 standards, indicated resources total 515,000 tonnes grading 5.94 g/t Au while inferred resources total 528,000 tonnes grading 5.43 g/t Au. (Geostat Systems International Inc. 2006)

During a definition drilling program totalling 2,302 metres (5 holes) begun in March 2007, Vior discovered a new zone, 550 metres below surface underneath the Douay West deposit. Exploration hole D-129 (12.3 g/t Au over 0.5 metre) demonstrates the potential at depth (PR May 10 and July 19 2007). Additional drilling will be required to better define the mineralized system. Vior intends to pursue its drilling activities in 2007-2008 to increase the gold resource in the proximity of the deposit which could have a direct impact on its economic value. The Douay West infrastructure is easily accessible by road and includes offices, a mechanical workshop, a dry, a compressor room, a hoist, a head frame and an electrical station.

In 2007-2008 Vior is expected to continue its exploration and development program at the same pace it has adopted over the last several years. Negotiations with eventual partners are underway to accelerate the development and bringing into production of the Douay West deposit.

### **Lac-Edouard project**

In November 2005, Vior acquired the exploration rights of the former nickel-copper producer of Lac-Édouard located near La Tuque, Province of Québec within map sheet SNRC 31P/90. This acquisition was warranted after map staking a large section (4,125 hectares) that indicated a potential for magmatic type nickel-copper mineralization around the known deposit. This property is wholly-owned by Vior and is currently under option to CVRD Inco Limited (PR September 20 2006). The Lac-Édouard mine produced approximately 400 tons of nickel and 200 tons of copper from March 1973 to January 1974, from 48,000 tons of mineral. In addition to the deposit itself, several Ni-Cu showings are known in this area. Several of these correspond to shallow geophysical anomalies that remain unexplored. In June 2007, Vior performed a VTEM helicopter-borne survey covering 440 line kilometres with Geotech Limited from Aurora Ontario. No previous deep penetrating geophysics was ever performed on these properties. The results of this survey will be available this fall.

### **Bourgeoys Project**

The Bourgeoys property covers 70 mining claims or 3,900 hectares and is located 20 kilometres southwest of the Lac-Édouard deposit. In June 2007, compilation and terrain work identified several areas that indicated the potential for the discovery of Ni-Cu magmatic mineralization. From this ground work it is now recognized that the Ni-Cu mineralization observed is associated to pyroxenite intrusions of the same type as those identified on the Lac-Édouard deposit. Following this observation, it was decided to use the VTEM technology over this area also. Results of this helicopter-borne survey will be available this fall.

### **Noyard Project**

The wholly-owned Noyard property is located 30 kilometres south of Matagami, Québec and covers 14 mining claims adjacent to the Vezza orebody (2.0 Mt @ 5.5 g/t Au GM 56429). From November 2006 to January 2007, all geoscientific information available on the Noyard property was formatted numerically and analysed by GIS. Drill sections were also elaborated and interpreted. Site visits confirmed and added to the precision of the available data. A technical report, in a 43-101 format, was presented to the company by Denis Chénard, Eng. According to Mr. Chénard, four areas of interest should be investigated immediately and would require additional drilling:

- The extension at depth of the Vezza deposit;
- The shear contact between the Cartwright volcanites and the Taïbi sediments;
- Drill-hole 1132-95-02 (0.5 g/t Au over 2.0 metres);
- Drill-hole 1132-03-04 (1.2 g/t Au over 3.0 metres).

## **Buteux-Fecteau Project**

In April 2007, a 90 kilometre line-cutting contract was awarded. The work was completed in July 2007. This grid covers the high grade gold showings in the southwest portion of the project. An induced polarization survey was conducted in August and September. Mechanical stripping will follow, weather permitting.

## **Other properties**

Vior also owns other properties in the Beauchastel, Celeron, Clairry, Desboues, Kennedy Ligneris, Mazarin, Noyon and Vezza Counties in north-western Quebec. In 2006 and 2007 the Company either undertook or completed detailed geological compilations for each of these properties. Furthermore, several field visits were necessary in order to validate compiled information and gather new geoscientific data. Supplementary exploration work has been identified for each property. Taking into account our limited exploration budget and the fact that these properties, as per the Quebec Mining Act, require minimal, if any, work in 2007-2008 the Company does not anticipate any significant work on them in the short term. The Company is constantly in discussion with possible partners to accelerate exploration of these properties.

## **Outlook**

During the coming months, the Company will continue to concentrate its efforts on exploring and developing its best auriferous and base metal projects using advanced exploration techniques. Following the needs and trends of the industry, the Company will also consider the acquisition of new explorations properties. To this end, financing may be necessary and if so, will be done during fiscal 2007-2008.

## **Results of Operations**

The Company reported a net loss of \$492,361 during the current year, as compared to a net loss of \$317,617 for the previous year. Increase of interest income for the current year is attributed to additional income generated by the increase in cash flow and equivalents. The Company also receives royalty payments from the Mouska mine operated by IAMGOLD Corporation. Royalties lightly decreased during the current exercise. This variation is due to the increasing gold prices and to a decrease of the production work made. The fees income come from our work as operator on the Lac-Edouard project.

The recognition of a bonus paid to the president and vice-president exploration in February 2007, explain the change in the item "salaries and fringe benefits". Different work done by our legal advisors during the month of December 2006 and recognition of the fair value of the stock options granted in January and February 2007, explain the increase in the item "Professional and maintenance fees".

The decrease in management fees is due to an adjustment of the fees paid to the chairman of the board. The increase in the item "rent and office expenses" is mainly related to a general increase in all expenses grouped under this item and more specifically press releases, donations (among which \$5,000 to the Fonds Restor-Action Nunavik Inc.), the website reorganization, and

administrative and professional services. The increase in the item “publicity and promotion” is due to the issuing of stock options in favour of an investor relation firm and its related fees.

### **Quarterly Information**

The information presented below details total revenues, overall net loss, and net loss per participating share over the last eight quarters.

Quarter ended	Total revenues	Net loss	Net loss per share	
			Basic	Diluted
06-30-2007	34,496	(344,016)	(0.005)	(0.005)
03-31-2007	36,432	155,125	0.002	0.002
12-31-2006	24,518	(215,659)	(0.004)	(0.004)
09-30-2006	22,044	(87,811)	(0.001)	(0.001)
06-30-2006	38,330	(94,387)	(0.002)	(0.002)
03-31-2006	19,062	(95,587)	(0.002)	(0.002)
12-31-2005	35,781	(71,386)	(0.001)	(0.001)
09-30-2005	53,017	(56,257)	(0.001)	(0.001)

The company reported a net loss of \$344,016 for the fourth quarter of the current year compared to a net loss of \$94,387 for the fourth quarter of the preceding period. There is no important changes in revenues and expenses during the fourth quarter of the current period. A decrease of \$236,560 of future income taxes during the fourth quarter of the current year has been generated by temporary difference due to flow-through financing.

### **Liquidity and Financing**

During the year ended June 30, 2007, cash flows used in operating activities rose to \$703,722 compared to \$317,445 for the previous year ended June 30, 2006. The variation is primarily due to the variation in future income taxes, share in the significantly influence company's net earnings, amounts receivable and prepaid expenses.

Cash flows provided from financing activities include the issuance of private placements and the exercise of stock options and warrants. During the year ended June 30, 2007, 385,000 shares were issued upon the exercise of stock options for a cash consideration of \$58,750 \$ and 11,118,556 shares were issued during private placements for a cash consideration of \$2,480,000. During the year ended June 30, 2006, the exercise of stock options and warrants raised cash flow related to financing activities by \$77,917 and proceeds from private placements rose to \$1,376,250.

The Company’s investing activities include mainly the acquisition of mining properties and the carrying-out of exploration work and the purchase and sale of short-term investments. The acquisition of mining properties and exploration work required disbursements of \$1,313 537 for the year ended June 30, 2007, compared to \$1,208,161 for the year ended June 30, 2006. For the year ended June 30, 2007, the company received an option payment of \$25,000 according to the agreement with CVRD Inco Ltd on the Lac Edouard property.

For the year ended June 30, 2007, no transaction related to short-term investment occurs and for the year ended June 30, 2006 transactions related to short-term investments increase cash flow of the amount of \$233,031.

In the opinion of management, working capital as at June 30, 2007, which includes \$298,414 for exploration, will cover the cost of current expenses and some exploration costs for the next months.

### **Contractual Obligations**

The Company has no contractual obligations.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Related Party Transactions**

The Company entered into the following transactions with two companies owned by directors:

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Management fees	25,000	50,000
Rent and office expenses	47,473	49,930

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### **Carrying Value of Mining Properties**

At the end of each quarter, exploration work performed on mining properties is reviewed to evaluate their potential. Following this analysis, writeoffs are made if deemed necessary.

### **Summary of significant accounting policies**

#### **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the years. Actual results could differ from those estimates.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, exploration funds, balances with banks and highly liquid short-term investments with original maturities of three months or less at the acquisition date. Exploration funds consist of cash, term deposits and short-term investments and represent the unexpended proceeds of financings under the terms of which the company must spend these amounts on the exploration of mining properties.

### **Short-term investments**

Short-term investments consist of shares in public companies. They are valued at the lower of cost and market value.

### **Long-term investment**

The interest in the significantly-influenced company is accounted for using the equity method.

### **Mining properties**

The company records its interests in mining properties and areas of geological interest at cost less option payments received and other recoveries. Exploration costs relating to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or allowed to lapse. Management reviews the carrying values of mining properties on a regular basis to determine whether any writedowns are necessary. These costs will be amortized over the estimated useful life of the mining properties following commencement of production or written off if the mining properties or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining properties are expensed as incurred.

### **Credit on duties refundable for loss and refundable tax credit for resources**

The company is entitled to a credit on duties refundable for loss under the Mining Duties Act. This credit on duties refundable for loss on mining exploration expenses incurred in the province of Quebec, at a rate of 12%, has been applied against the costs incurred.

Furthermore, the company is entitled to the refundable tax credit for resources for mining exploration companies on qualified expenditures incurred. The refundable tax credit for resources may reach 38.75% of qualified expenditures incurred. This tax credit has been applied against the costs incurred.

### **Income taxes**

The company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

The company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

### **New accounting standards**

In January 2005, the CICA issued four new accounting standards in relation with financial instruments: Section 3855, "Financial Instruments — Recognition and Measurement", Section 3865, "Hedges", Section 1530, "Comprehensive Income", and Section 3251, "Equity".

Section 3855 expands on Section 3860, "Financial Instruments — Disclosure and Presentation", by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented in the financial statements.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG 13, "Hedging Relationships", and the hedging guidance in Section 1650, "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530, "Comprehensive Income", introduces a new requirement to temporarily present certain gains and losses outside net income.

Consequently, Section 3250, "Surplus" has been revised as Section 3251, "Equity".

Effective July 1, 2007, the company adopted CICA Handbook Section 1506 "Accounting Changes". This Section establishes criteria for changes in accounting policies, accounting treatment and disclosures regarding changes in accounting policies, estimates and corrections of errors. In particular, this Section allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information. Furthermore, this section requires disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective. Such disclosures are provided below.

Sections 1530, 3251, 3855 and 3865 apply to fiscal years beginning on or after October 1, 2006. These sections will be adopted by the company on July 1, 2007 and these transition adjustments will not have a material impact on the company's balance sheet.

Following these new accounting standards, the recognition of financial assets and liabilities will be established as follows :

### **Short-term investments**

The short-term investments will be classified as available-for-sale investments. The company will continue to recognize transactions on the settlement date.

These investments will be recognized at fair value. Unrealized gains and losses will be recognized, net of income taxes, if any, in "Accumulated other comprehensive income". Upon

the disposal or impairment of these investments, these gains or losses will be reclassified in earnings.

### **Transition**

The recognition, derecognition and measurement methods used as well as the hedge accounting policies used to prepare the financial statements of periods prior to the effective date of the new standards were unchanged and, therefore those financial statements will not be restated.

Sections 1530, 3251, 3855 and 3865 will be adopted by the company on July 1, 2007. As of that date, the company will recognize all of its financial assets and liabilities in the balance sheet according to their classification. Any adjustment made to a previous carrying amount will be recognized as an adjustment to the balance of deficit at that date or as the opening balance of a separate item in "Accumulated other comprehensive income", net of income taxes, if any.

The difference between the carrying amount and the fair value of investments classified as available for sale will be recognized as an adjustment to the opening balance of "Accumulated other comprehensive income", net of income taxes.

### **Future accounting changes**

The CICA published the following new sections that will apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 :

- Section 3862, "Financial Instruments – Disclosures". This section describes the required disclosure to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.
- Section 3863, "Financial Instruments – Presentation". This section establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments – Disclosure and Presentation".
- Section 1535, "Capital Disclosures". This section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to determine if the entity has complied with capital requirements and if not, the consequences of such non-compliance.
- The CICA amended Section 1400, "General Standards of Financial Statement Presentation" to include requirements to assess and disclose an entity's ability to continue as a going concern (going concern assumption).

The company has not yet assessed the effect of these new standards on its financial statements.

## **Financial Instruments**

### **Fair value**

Cash and cash equivalents, amounts receivable, as well as accounts payable and accrued liabilities are financial instruments whose fair value approximates their carrying value due to their short-term maturity or to current market rates.

The fair value of short-term investments, determined based on market value, amounts to \$15,696 and \$21,072 as at June 30, 2007 and 2006, respectively.

### **Interest rate risk**

As at June 30, 2007 and 2006, the Company's exposure to interest rate risk is summarized as follows:

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

## **Disclosure of Outstanding Share Data**

### **Shares**

The Company may issue an unlimited number of common shares, without par value. As at September 25, 2007, 70 158 112 shares were issued and outstanding.

### **Warrants**

As at September 25, 2007, these warrants were outstanding:

<b>Number</b>	<b>Exercise price</b>	<b>Maturity date</b>
	\$	
371,786	0.40	10-26-07
568,182	0.30	06-22-08
277,778	0.23	12-19-08
1,300,000	0.35	12-22-07
-	0.50	12-22-08
594,500	0.35	12-22-08
240,000	0.35	12-28-07
-	0.50	12-28-08
40,000	0.25	12-28-08
287,000	0.35	12-28-08
<u>5,500,000</u>	0.25	02-13-09
<u><b>9,179,246</b></u>		

## Stock Options

Number of shares issuable under the Company's stock option plan: 4,686,262. As of September 25, 2007, these stock options were outstanding:

Date of grant	Number	Exercise price \$	Maturity date
04-09-01	765,000	0.15	04-09-11
03-23-04	800,000	0.16	03-23-09
09-13-04	570,000	0.15	09-13-09
01-20-06	50,000	0.20	01-20-11
01-18-07	100,000	0.175	01-18-12
01-30-07	280,000	0.255	01-30-12
02-01-07	<u>20,000</u>	0.265	02-01-12
<b>TOTAL</b>	<b>2,585,000</b>		

## Unit options

As of September 25, 2007, these warrants were outstanding:

Number	Exercise price \$	Expiration date
340,000	0.25	12-22-2008

Following the exercise of 340,000 unit options, 130,000 warrants (units) will be exercisable at \$0.35 until December, 2007 and at \$0.50 until December 2008.

## Risk Factors and Uncertainties

### Financial risk

The Company is considered as an exploration company. It has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

### Risk on the uncertainty of title

Although the Company has taken actions to verify the ownership rights for mining properties in which it has an interest in accordance with industry standards for the current exploration phase of these properties, these procedures give no assurance to the Company as to title. The title to

property may be subject to unrecognized prior agreements and not compliant with regulatory requirements.

### **Key Personnel**

The success of the Company rests in its capacity to attract and retain a qualified staff. There is evidence of strong competition in the industry and the Company's success mostly depends on a management and personnel highly qualified in geology. The incapacity of recruiting qualified personnel and the loss of key personnel could constitute a significant obstacle to the success of operations.

### **Environmental risk**

The Company is exposed to various environmental incidents that can occur during exploration work. The Company maintains an environmental management program including operational plans and practices.

### **Disclosure controls and procedures**

For the year ended June 30, 2007, a review has been performed under the supervision and with the collaboration of the Company's management, including the President and the Treasurer on the effectiveness of the Company's disclosure controls and procedures. Based on that review, the President and the Treasurer concluded that the design and operation of these controls and procedures were effective as at June 30, 2007 and were performed so as to provide reasonable assurance that material information related to the Company has been adequately disclosed.

There was no change in internal control with regard to financial information during the period ended June 30, 2007, that affected or might affect the internal control on financial information.

### **Additional Information and Continuous Disclosure**

This Management's Discussion and Analysis has been prepared as at September 25, 2007. Additional information on the Company is available through regular filings of press releases, reports on significant changes, financial statements and circulars on SEDAR ([www.sedar.com](http://www.sedar.com)).

(s) Patrick Bradley  
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President

(s) Gaétan Mercier  
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Treasurer