

MANAGEMENT'S DISCUSSION and ANALYSIS

For the nine (9) months period ended March 31, 2005

This Management's Discussion and Analysis supplements the financial statements and complements them by providing contextual and prospective information not provided by the financial statements.

Nature of Activities

The Company, incorporated under Part IA of the Quebec 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.

Exploration Activities

Exploration expenses, during the third quarter, totalled \$271,700 (\$23,777 in 2004). The level of expenses, during the third quarter of this year, was higher than the corresponding period of the previous year as the Company carried out significant exploration work on its Douay and Douay-West projects. In January, following the compilation of existing exploration work, quality exploration targets were identified and a drilling program of 3,500 meters was proposed. From February 16 to March 31, 8 holes, totalling 2,030 meters, were drilled. In February, the company gave a service contract to the consulting firm Geostat International Inc. to carry out a 43-101 report integrating works in progress to the preceding work and to lead a pre-feasibility study for the Douay-West project. For the first nine-month, of the current fiscal year, exploration expenses amounted to \$320,322. (\$86,304 in 2004).

Business Plan:

The Douay Project, located approximately 50 kilometres south of Matagami (Northwest Quebec) is the Company's main asset. The Douay properties, which total more than 90 km², were kept under care and maintenance over the last years. During the first and second quarter of 2005, the Company's management and their consultants will focus on the development of the Douay-West project as well as on the discovery of new gold bearing zones elsewhere on the Douay properties.

The following table illustrates the Company's working plan for the next several quarters

<u>OBJECTIVES</u>	<u>PROCEEDS</u>	<u>SCHEDULE</u>	<u>BUDGET</u>	
			Expenses as at 03-31-2005	Forecast
Revision and compilation of technical data	Technical report 43-101	June 2005	\$ 20,000	\$ 25,000
Propose and perform 3,500 metre drilling exploration and development program	Drilling program	Mid February to April 2005	\$215,000	\$300,000
	Résultats published into the NI-43-101 report	April to May 2005		
Carry out independant pre-feasibility study on Douay-West	Pre-feasibility report completed by independant consultants	March to June 2005	\$ 25,000	\$ 45,000
Perform geotechnical drilling and metallurgical tests on Douay-West	Results included in the pre-feasibility report	May 2005	\$ 5,000	\$ 45,000
Geophysic and geological modelization of gold distribution	Numerical model integrated into SIG	March to July 2005	\$ 5,000	\$ 20,000
Propose and perform exploration drilling program and improvement totalling 2,000 metres	Drilling program and drill reports	August to September 2005	\$ 0	\$170,000

Selected Consolidated Financial Information

	Results as at March 31		Results as at June 30	
	2005		2004	2003
	(\$)		(\$)	
	<i>(9 months)</i>		<i>(12 months)</i>	<i>(12 months)</i>
Revenues				
Sales	-	-	-	
Interest and other	28,358	39,053	77,316	
	28,358	39,053	77,316	
Charges				
Management fees	342,664	289,621	232,203	
Loss on write-off on mining properties	-	683,487	-	
Loss (gain) on sale of marketable investments	(29,510)	(194,082)	6,313	
Write-down of marketable investments	-	-	102,160	
	313,154	779,026	340,676	
Future income taxes	(131,584)	(200,000)	287,000	
Share in the significantly-influenced company's net earnings (loss)	6,182	(44,018)	557	
Net loss	410,198	495,955	550,917	
Basic and diluted net loss per share	0.008	0.01	0.01	
Other information				
Total asset	4,521,843	3,650,411	4,363,026	
Long-term debt	726,224	461,000	709,000	
Shareholders' equity	3,513,610	3,136,730	3,581,685	

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 deems necessary to consider in the circumstances. It is highly unlikely that any dividends will be paid in the near future.

Operating Results

The Company reported a net loss of \$410,198 for the first nine months of the fiscal year of 2004-2005, as compared to a net gain of \$125,887 for the corresponding period of the previous fiscal year. Royalty payments totalling only \$22,124 were recorded during the first nine months of this year as a result of the temporary closing of the Mouska mine. Cambior suspended production at Mouska during a ten-month period in 2004 in order to allow the deepening of the internal shaft by 210 metres down to 880 metres to give access to mineral resources of 142,000 tonnes at 15.4 g/t Au. The Mouska mine resumed production in October 2004, on budget and one month earlier than scheduled, following the completion of the shaft deepening program. An amount of \$82,006, resulting from the accounting of the fair value of stock options granted in September 2004 and stock options becoming exercisable during the fiscal year, was included under the heading "Salaries and fringe benefits". The difference with the previous period represents wages paid to the President and the new Vice-President, Exploration and Acquisitions. Office and travelling expenses increased slightly following the reactivation of the Company. Management fees decreased following the reassignment of the former President to the function of Chairman of the Board.

Quarterly Information

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

Quarter ended	Total revenues	Net income (net loss)	Net income (net loss) per share	
			Basic	Diluted
31-03-2005	34,775	(92,499)	(0.002)	(0.002)
12-31-2004	8,176	(31,414)	(0.001)	(0.001)
09-30-2004	1,634	(118,488)	(0.002)	(0.002)
06-30-2004	(8,788)	(621,842)	(0.013)	(0.013)
03-31-2004	12,177	(92,499)	(0.002)	(0.002)
12-31-2003	18,832	47,839	0.001	0.001
09-30-2003	16,832	170,547	0.004	0.004
06-30-2003	20,217	(342,621)	(0.005)	(0.005)

Liquidity

The working capital of the Company decreased to \$266,493 at the end of the period as compared to \$396,376 at the beginning of the period. The Company has a liability of future income tax liabilities which amounts to \$726,224. The Company proceeded with three private financings in November 2004 for a total amount of \$350,000 and two private financings in December 2004 for a total amount of \$557,500. The Company also profits from funds reserved for exploration in the amount of \$459,808, which are used to finance exploration work started in spring and summer 2005.

Contractual obligations	Payments due by period		
	Total	Less than 1 year	1-3 years
Lease	\$15,000	\$12,000	\$3,000

Financing

During the second quarter, the Company proceeded with five financings. The Company issued 3,980,000 common shares for a total amount of \$907,500. Of this amount, \$707,500 will be used to finance an exploration program which will be underway until the end of the summer of 2005.

Outside Balance Sheet Arrangements

The Company has no outside balance sheet arrangements.

Related Party Transactions

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

	<i>March 31, 2005</i>	<i>March 31, 2004</i>
	\$	\$
Management fees	38,750	67,500
Rent and office expenses	45,667	24,340

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

Mining Property Valuation

At the end of each quarter, exploration work performed on mining properties is reviewed to evaluate their potential. Following this analysis, write-offs are done if the case may be.

Deferred exploration costs, for the periods ended March 31, 2005 and 2004, are as follows:

	2005	2004
	9 months	9 months
	\$	\$
Balance - Beginning of period	<u>2,790,762</u>	<u>3,374,014</u>
Expenses incurred during the period		
Claims	21,025	3,013
Geophysics	13,349	170
Drillings	146,667	-
Geology	80,797	64,147
Analysis	1,970	-
Transport	10,523	1,845
Salaries	66,075	18,652
Lodging	844	577
	<u>341,250</u>	<u>88,404</u>
Credit on duties refundable for losses and refundable tax credit relating to resources	<u>(12,457)</u>	<u>4,357</u>
	<u>328,793</u>	<u>92,761</u>
Balance - End of period	<u>3,119,555</u>	<u>3,466,775</u>

Changes in Accounting Practices

In July 2003, the Canadian Institute of Chartered Accountants (“CICA”) issued Sections 1100 and 1400, “Generally Accepted Accounting Principles” and “General Standards of Financial Statement Presentation”. These new sections define generally accepted accounting principles (GAAP), establish the relative authority of various types of CICA Accounting Standards Board pronouncements and clarify the role of industry practice in setting GAAP. The adoption of these new standards by the Company, on July 1, 2004, had no impact on the financial statements.

In September 2003, the CICA amended Section 3870, “Stock-Based Compensation and Other Stock-Based Payments”, which is effective for fiscal years beginning on or after January 1, 2004. These amendments require that compensation costs arising from all types of stock-based payments granted to directors, executives, employees and non-employees, including stock options, be accounted for in the financial statements using the fair value-based method. The Company has implemented these amendments prospectively since July 1, 2003. For the year ended June 30, 2003 the Company was required to provide pro-forma disclosures relating to the loss and loss per share as if stock-based compensation costs had been recognized in the financial statements for options granted using the fair value-based method.

In March 2004, the Emerging Issues Committee (“EIC”) of the CICA issued EIC-146, “Flow-through Shares”. This abstract deals with the date of recognition, by the issuer of flow-through shares, of the future income tax liabilities arising from the renouncement of tax deductions and the accounting method used to record the credit when previously unrecognized future income tax assets are recorded as a result of recognizing the above-mentioned future income tax liabilities.

In January 2005, the CICA issued four new accounting standards relating to 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 transaction as hedges for accounting purposes. It replaces and expands on Accounting Guideline 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.

Accordingly, Section 3250, “Surplus” has been revised to become Section 3251, “Equity”.

Sections 1530, 3251, 3855 and 3865 apply to years beginning on or after October 1, 2006. The Company will adopt these new standards on July 1, 2007, and has not yet determined their impact on its financial statements.

Financial Instruments

Fair value

Cash and cash-equivalents, royalties receivable, other amounts receivable and reserved funds for exploration, 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 marketable investments, determined by their market value, amounts to \$281,727 and \$210,393 as at March 31, 2005 and 2004 respectively.

Interest rate risk

As at March 31, 2005 and 2004, the Company's exposure to interest rate risk is summarized as follows:

- Cash and cash-equivalents	Variable interest rate
- Funds reserved to exploration	Variable interest rate
- Royalties receivable	Non interest bearing
- Other amounts receivable	Non interest bearing
- Accounts payable and accrued liabilities	Non interest bearing

Disclosure of Outstanding Share Data

Shares

The Company can issue an unlimited number of common shares, without per value. As at May 25, 2005, 50,842,622 shares were issued and outstanding.

Warrants

As at May 25, 2005, these warrants were outstanding:

number	price	expiration date
500,000	0.25*	22-11-06
500,000	0.25*	22-11-06
750,000	0.25*	23-11-06
300,000	0.30	23-12-05
407,500	0.30	23-12-05
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2,457,500		

* \$0.25 the first twelve (12) months, \$0.30 the last twelve (12) months.

Stock Options

Number of shares which can be issued under the Company's option plan: 4,686,262. On February 25, 2005, these options were outstanding:

Date granted	Number	Price	Expiration date
Apr-30-1996	75,000	\$0.15	04-30-06
Dec-18-1996	785,000	\$0.15	12-18-06
Jul-22-1997	785,000	\$0.15	07-22-07
Apr-9-2001	815,000	\$0.15	04-09-11
Aug-21-2001	50,000	\$0.15	08-22-11
Mar-23-2004	900,000	\$0.16	03-23-09
Sep-13-2004	<u>570,000</u>	\$0.15	09-13-09
TOTAL	3,980,000		

Risk and Uncertainties

Financial risk

The Company is considered to be in the exploration stage, and is dependant on obtaining regular financing in order to continue its exploration work.

Despite previous successes in securing such financing, there is no guarantee in obtaining any future financing.

Risk on the uncertainty of title

Although the Company has taken steps to verify the titles of its mining properties in which it owns an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's titles. Property titles may be subject to unregistered prior agreements and non compliance with regulatory requirements.

Environmental risk

The Company is subject to various environmental incidents that could occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

Outlook

The winter drilling program, carried out by the Company in February 2005, was completed towards the end of April and results of this program will be incorporated into a global update of the Douay-West project. The Company and its consultants are currently preparing a scoping study on the Douay-West project which will be completed by the end of June, 2005.

Additional Information and Continuous Disclosure

This Management's Discussion and Analysis has been prepared as of May 25, 2005. Additional information on the Company is available through regular filings of press releases, financial statements and its annual information circular on SEDAR (www.sedar.com).

(s) Patrick Bradley
President

(s) Gaétan Mercier
Treasurer