

MANAGEMENT'S DISCUSSION and ANALYSIS

For the period ended March 31, 2006

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 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.

Exploration Activities

Exploration expenses, during the last quarter, totalled \$ 602,876 (\$ 271,689 in 2005). The level of expenses, during this quarter, was higher than the corresponding period of the previous year as the Company carried out more significant exploration work on its properties.

An aggressive program of surface exploration, started in December 2005, continued between January 8th and March 28th at our 100% owned Douay project. Nineteen (19) drill holes totalling 6,000 metres were completed on the Douay (Central Porphyry Zone) and the Douay-West properties. Highlights of the drilling program are the discovery of three new quality gold bearing structures: the 116 Zone returning 12 g/t Au over 4 meters, the 5-4 South Zone returning 8.7 g/t Au over 5.5 meters and the 5-4 North Zone returning 2888 g/t Au over 0.5 meter. The 116 Zone is located 250 metres east on the Douay West deposit and approximately 150 metres below surface. This zone remains open to the east and at depth. The 5-4 North and South zones are located 3km east of the Douay-West deposit in the Central Porphyry Zone area where previous drilling indicated only lower grade gold bearing structures. The 5-4 North Zone remains open between surface and 150 metres and below 300 metres to the east and at depth. The 5-4 South

Zone remains open to the south-west and at depth. These results further demonstrate the strong potential for additional discoveries at Douay. Additional drilling has been proposed and will start shortly after the break-up.

During October 2005, six geotechnical investigation holes have been performed over the Douay-West gold deposit in order to validate the overburden slope design from the proposed pit in Geostat Systems International Inc 2005 study (P.R. September 8th 2005). Following this new data acquisition, a new slope design simulation was performed. In February 2006, Geostat handed the Company a report indicating that the eastern part of the proposed pit should be redesigned because four holes in this area intersected worst material than previously anticipated. The simulation indicates that the slopes would have to be much smoother than what had already been simulated in the eastern part of the pit. This resulted in changing the amount of overburden to be removed and in increasing the pre-production cost. At this stage, the Company will not review the economic model for the 2005 proposed pit until the end of the 2006 exploration drilling program and then may consider another mining scenario to begin production at Douay-West.

In February, Soquem performed an InfiniTem survey over the Domergue JV property, the results of which are pending. In February and March, compilation work was also done on the Vezza, Noyard and Beauchastel properties.

Business Plan:

In the next months, the Company will continue to concentrate its efforts with the exploration and the development of gold and base metals projects of quality located in the best mining areas of Canada by using advanced exploration techniques. According to the needs and the trend of industry, the Company will also consider the acquisition of new mining properties and conduct exploration work on these.

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

| OBJECTIVES | WORK PRODUCT | SCHEDULE | BUDGET Expenses At 03-31-06 | FORECAST |
|--|--|------------------------|--|-----------------|
| To complete an exploration drilling program on the Douay project : East of Douay West deposit and near the Central Porphyry Zone areas | Drilling work totalling 7,500 metres Reports and maps and drilling sections | Winter and Spring 2006 | \$ 500,000 | \$ 650,000 |
| To compile and to digitalize data from the Edouard project; To carry out VTEM geophysical survey | Reports and maps | January to June 2006 | \$ 12,000 | \$ 100,000 |
| Perform an InfiniTEM geophysical survey on the Domergue project | Reports and maps (SOQUEM is the operator) | February to March 2006 | \$ 15,000 | \$ 15,000 |
| To compile and to complete an exploration drilling program on the Vezza and Noyard properties | Drilling work totalling 800 metres Reports and maps | February to Fall 2006 | \$ 12,000 | \$ 60,000 |
| To compile and perform field validation on the Beauchastel project | Compilation maps | March to July 2006 | \$ 3,000 | \$ 15,000 |
| To review core drilling from Ligneris and perform field validation | Drilling section and maps | April to July 2006 | \$ 0 | \$ 5,000 |
| To conduct a mineralogical study on the gold mineralization at Douay | Report | April to July 2006 | \$ 0 | \$ 5,000 |
| To calculate a new mineral inventory and to do a scoping study for a Douay-West underground mining scenario | Reports | Fall 2006 | \$ 0 | \$ 50,000 |

Selected Financial Information

| | Results as at Mars 31 | | Results as at June 30 | |
|--|-----------------------|-------------|-----------------------|-------------|
| | 2005 | | 2005 | 2004 |
| | (\$) | | (\$) | |
| | 9 months) | | (12 months) | (12 months) |
| Revenues | | | | |
| Royalties | 41,051 | 33,123 | 29,365 | |
| Interest | 4,592 | 8,223 | 9,688 | |
| | 45,643 | 41,346 | 39,053 | |
| Expenses | | | | |
| Administrative expenses | 350,554 | 484,785 | 289,621 | |
| Loss on write off of mining properties | -- | 1,715,048 | 683,487 | |
| Gain on sale of marketable investments | (62,217) | (29,510) | (194,082) | |
| | 288,337 | 2,170,323 | 779,026 | |
| Future income taxes | 14,179 | 233,000 | 200,000 | |
| Share in the significantly-influenced company's net earnings | 5,285 | 31,060 | 44,018 | |
| Net loss | (223,230) | (1,864,917) | (495,955) | |
| Basic and diluted net loss per share | (0.004) | (0.04) | (0.01) | |
| Other information | | | | |
| Total assets | 3,291,233 | 2,355,220 | 3,650,411 | |
| Future income tax liabilities | 328,505 | 110,937 | 461,000 | |
| Shareholders' Equity | 2,541,731 | 2,073,779 | 3,136,730 | |

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.

Results of Operations

The Company reported a net loss of \$223,230 during the current period, as compared to a net loss of \$410,198 for the corresponding period of the previous fiscal year. The Company receives royalty payments of production from the Mouska mine. The operator, 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. The appointment of the Vice-President, Exploration and Acquisitions in mid-September 2004 and the accounting of the fair value of the stock options granted in September 2004 for an amount of \$72,500 explain the great variation of the account for salaries and fringe benefits. The increase in professional and maintenance fees is mainly due to the accounting of the fair value of the stock options granted in January 2006 to a supplier.

Quarterly Information

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

| Quarter ended | Total revenues | Net loss | Net loss per share | |
|---------------|----------------|-------------|--------------------|---------|
| | | | Basic | Diluted |
| 03-31-2006 | 19,062 | (95,587) | (0.002) | (0.002) |
| 12-31-2005 | 12,161 | (71,386) | (0.001) | (0.001) |
| 09-30-2005 | 14,420 | (56,257) | (0.001) | (0.001) |
| 06-30-2005 | 12,998 | (1,454,719) | (0.031) | (0.031) |
| 03-31-2005 | 18,548 | (260,296) | (0.005) | (0.005) |
| 12-31-2004 | 8,176 | (31,414) | (0.001) | (0.001) |
| 09-30-2004 | 1,634 | (118,488) | (0.003) | (0.003) |
| 06-30-2004 | (8,788) | (621,842) | (0.013) | (0.013) |

Cash Position

The Company's working capital decreased to \$96,738 at the end of the period, as compared to \$201,766 at the beginning of the year. The Company has future income tax liabilities amounting to \$328,505. This increase results from the renouncement of tax deductions related to flow-through shares issued in December 2005. The Company also has exploration funds in the amount of \$132,602, which will be used to finance exploration work beginning in the second quarter of 2006.

Contractual Obligations

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

Capital Resources

In December 2005, the Company completed two private placements amounting to \$866,000 and another private placement of \$260,250 closed in April 2006. Warrants have been exercised for an amount of \$66,667 and stock options for an amount of \$11,250. These amounts will increase working capital and will be used to finance exploration work to be done in the spring and summer of 2006.

Off-Balance Sheet Commitments

The Company has no off-balance sheet commitments.

Related Party Transactions

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

| | 2006 | 2005 |
|--------------------------|-------------|-------------|
| | \$ | \$ |
| Management fees | 37,500 | 38,750 |
| Rent and office expenses | 38,162 | 45,667 |

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, write offs are done, if need be.

New accounting standards

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 transactions 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.

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

Sections 1530, 3251, 3855 and 3865 apply to fiscal 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, other 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 marketable investments, determined based on market value, amounts to \$26,213 and \$281,727 as at March 31, 2006 and 2005, respectively.

Interest rate risk

As at March 31, 2006 and 2005, the Company's exposure to interest rate risk is summarized as follows:

| | |
|--|------------------------|
| - Cash and cash equivalents | Variable interest rate |
| - 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 par value. As at May 29, 2006, 56,643,193 shares were issued and outstanding.

Warrants

As at May 29, 2006, these warrants were outstanding:

| Number | Price \$ | Expiration date |
|------------------|---------------------|------------------------|
| 1,000,000 | 0.30 | 11-22-06 |
| 750,000 | 0.30 | 11-23-06 |
| 1,207,500 | 0.25 | 12-22-06 |
| 553,500 | 0.25 | 12-29-06 |
| <u>371,786</u> | 0.40 | 10-26-07 |
| 3,882,786 | | |

Stock Options

Number of shares which can be issued under the Company's option plan: 4,686,262. On May 29, 2006, these stock options were outstanding:

| Date granted | Number | Price \$ | Expiration date |
|---------------------|------------------|---------------------------|------------------------|
| Dec-18-1996 | 735,000 | 0.15 | 12-18-06 |
| Jul-22-1997 | 735,000 | 0.15 | 07-22-07 |
| Apr-9-2001 | 765,000 | 0.15 | 04-09-11 |
| Mar-23-2004 | 900,000 | 0.16 | 03-23-09 |
| Sep-13-2004 | 570,000 | 0.15 | 09-13-09 |
| Jan-20-2006 | <u>50,000</u> | 0.20 | 01-20-11 |
| TOTAL | 3,805,000 | | |

Risks and Uncertainties

Financial risks

The Company is considered to be in the exploration stage, and is dependent 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.

Risks on ownership titles

Although the Company has taken steps to verify title to mining properties in which it has 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 title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Environmental risks

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 Company remains optimistic on the general trend of the gold and capital markets. During the summer of 2006, we will continue exploring our 100% owned Douay property where significant and encouraging results were obtained during our winter drilling program. Exploration work will also be carried out on several other properties and new acquisition possibilities will be seriously looked at.

Additional Information and Continuous Disclosure

This Management's Discussion and Analysis has been prepared as of May 29, 2006. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).

(s) Patrick Bradley
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(s) Gaétan Mercier
Treasurer