

## **EVERTON RESOURCES INC.**

### **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SECOND QUARTER ENDED APRIL 30, 2007**

The following Management Discussion and Analysis ("MD&A") of the operating results, financial condition and future prospects of Everton Resources Inc. (the "Company" or "Everton"), current as of June 27, 2007, should be read in conjunction with the unaudited consolidated financial statements of the Company and notes to the unaudited consolidated financial statements for the three-month period ended April 30, 2007. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles. The reporting currency is in Canadian dollars. Unless specified as \$US, references in this MD&A to dollars and cents are to Canadian dollars and cents.

This MD&A contains certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future exploration drilling activities and events or developments that the Company expects, are forward-looking statements. Such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, continued availability of capital and financing and general economic, market or business conditions

#### **Nature of Business**

Everton Resources Inc. (the "Company" or "Everton") is a Canadian mineral exploration and development company engaged in the acquisition and exploration of mineral properties, primarily in Quebec and the Dominican Republic, with the aim of discovering commercially exploitable deposits of minerals (primarily precious metals) which can either be placed into production by the Company or disposed of for a profit to companies that wish to place such deposits into commercial production. Common shares of the Company are listed for trading on the TSX-V under the symbol "EVR". The Company's head office is in Montréal Québec.

#### **Exploration Activities**

The Company incurred deferred exploration expenses of \$1,851,329 (before deduction of mining rights and tax credits) and mineral properties acquisitions of \$697,248 during the period, of which approximately 68% of the total was spent in Quebec and 32% in the Dominican Republic.

#### New acquisitions

During the last quarter, the Company acquired from an independent staking syndicate a 100% interest in fourteen new blocks of claim concessions in the James Bay territory of Quebec. In total, 1,480 new claim concessions have been acquired, totalling 742 km<sup>2</sup> of land highly prospective for gold, copper and uranium. The new blocks of properties are grouped in twelve different projects, namely Sarcelle, Candlestick, Corvet South, LeMoyne, Gauchet, Duncan, Aylmer, Castle, Morand, Pine Hill North, Jobert and Castle South. These new claim concessions further augment the Company's land position in the James Bay region to over 2,577 km<sup>2</sup>. The properties are highly prospective for gold, copper and uranium, and were acquired based on favourable geology and positive data from lake-bottom sediment sampling. Under the terms of the agreement, the Company acquired a 100% interest in the 1,480 claims by paying the syndicate \$125,000 and the issuance of 380,000 common shares of the Company. The properties are subject to a 2% NSR payable to the syndicate. Everton has the option to purchase up to one-half of the 2% royalty for \$1,000,000.

In the Dominican Republic the Company also announced that it has been granted an option to acquire from Linear Gold, an undivided 50% interest in the Ampliacion and Loma Hueca Concessions plus an option to acquire an additional undivided 15% interest in the Loma el Mate Concession. The Ampliacion Concession consists of 4,045 hectares adjacent to the northern edge of Barrick/Goldcorp's Pueblo Viejo project, while the Loma Hueca Concession consists of 3,450 hectares approximately 15 km south-east of Everton/Linear's Loma el Mate Concession within the Los Ranchos Formation.

The Company can earn an undivided 50% interest in the Ampliacion Concession by making cash payments totalling US\$700,000, work commitments of US\$2,500,000 and issuing 1,200,000 Everton common shares over a three-year period. The Company can acquire a 65% interest in the concession by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Linear US\$2,000,000 and issuing 1,000,000 additional Everton common shares.

The Company can earn an undivided 50% interest in the Loma Hueca Concession by making cash payments totalling US\$100,000, work commitments of US\$600,000 and issuing 200,000 Everton common shares over a three-year period. The Company can acquire a 65% interest in the concession by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Linear US\$250,000 and issuing 300,000 additional Everton common shares.

## Quebec

### *Opinaca and Wildcat*

During the quarter, the Company incurred exploration expenditures of \$881,200 on Opinaca and \$104,118 on Wildcat.

The Company completed in March a 2,624-meter diamond drilling program to follow-up on the Claude Target located on the Opinaca B property, where hole OP-06-07 cut significant gold values during the fall of 2006. The focus of the winter program was to complete 40 km of induced polarization (IP) survey in the Claude Target area and 80 km of IP over the Smiley Target, located on the Opinaca A property.

Following the results of the initial drill-test hole OP-06-07 on the Claude Target in the fall of 2006, where 221 ppb Au over 186.5 meters, including 1.0 g/t Au over 21.5 meters, was cut within an arsenopyrite-mineralized silica alteration zone (press release of Nov. 9, 2006), the Company recently completed a 12-hole diamond drilling program for 2,624-meter to follow-up on the extensions of the zone. Nine holes tested the lateral extensions of hole OP-06-07 over a strike length of 350 meters and at an average depth of 100 meters, except hole OP-07-20 that tested the Claude Target at a depth of 200 meters vertical. The three other holes were testing IP and airborne electromagnetic anomalies 850 meters to 2.5 kilometers away east of the Claude Target.

The silica-altered zone was recognized in all nine holes drilling the 350-meter lateral extensions at Claude. Hole OP-07-20 that was targeting the zone at depth encountered visible gold over 1.5 meter. The three holes located hundreds of meters to the east did not cut any significant mineralization. Best gold assay values from the winter drilling program are summarized in the table below.

Hole #	From (m)	To (m)	Length (m)	Au g/t
OP-07-09	33.5	35.5	2.0	1.01
OP-07-10	49.0	51.0	2.0	2.22
OP-07-11	121.0	122.0	1.0	2.39
	149.0	151.0	2.0	6.73
OP-07-12	185.5	188.0	2.5	0.56
OP-07-17	109.0	110.0	1.0	3.56
	182.0	183.0	1.0	1.71
OP-07-20	207.0	208.0	1.0	1.01
	302.5	304.5	2.0	3.63
	incl. 303.5	304.5	1.0	6.36
	325.0	327.0	2.0	2.42

The summer 2007 exploration program on Opinaca and Wildcat has begun in mid-May and will consist on an intensive prospecting, rock sampling and trenching program over the 10-kilometer long gold-bearing strike along the northeast trending deformation corridor between the Claude Target on Opinaca B and the Manuel Showing (12.01 g/t Au over 4.6 meters) on the Company's 100%-owned Wildcat 5. This deformation zone coincides with lake-bottom sediment gold and arsenic anomalies lined up over its strike. All IP anomalies along the deformation corridor will be investigated by rock sampling or mechanical trenching. Twelve other clusters of lake-bottom sediment anomalies and numerous gold-in-till anomalies outlined at Opinaca and Wildcat during the previous campaign will be intensively follow-up by prospecting and soil sampling.

A 2,000-meter diamond drilling program is planned during the summer at the Smiley Target located on Opinaca A (Azimut option). The program will be testing coinciding IP and gold-in-soil anomalies located 5 km north of the Eleonore gold discovery. The soil anomaly is supported by the presence of gold values of 2.41 g/t Au, 0.77 g/t Au and 0.18 g/t Au in three different till samples collected down-ice of the soil anomaly.

To date, prospecting programs at Opinaca only covered approximately 10 % of the claim area. The 2007 summer exploration program is designed to accelerate exploration work on other highly prospective areas in the Opinaca region of James Bay, Quebec. Heavy logistic work in preparation for the summer program, including fuel hauling and main and satellite camps set up was entirely completed this quarter. The field crew includes a team of 20 persons.

#### *Star Lake, Eastmain and other James Bay projects*

During the quarter, the Company incurred exploration expenditures of \$292,815 on all properties in James Bay outside the Opinaca-Wildcat group, \$187,666 in acquisition costs and issued 380,000 common shares valued at \$535,800.

The Company executed data processing and reporting on all projects located in the James Bay territory. The Candlestick, Corvet South, LeMoyne and Duncan properties were flown with airborne magnetite and VLF survey. The 2007 program will include follow-up on lake-bottom and gold-in-till anomalies defined during the summer 2006 program. Each of the properties will be covered with reconnaissance mapping and prospecting.

#### Dominican Republic

In the Dominican Republic, the Company incurred exploration expenditures of \$573,195 during the quarter, 24% of the expenditures on the Linear Gold option (Ampliacion, Loma el Mate and Loma Hueca projects), 23% on the Maimon copper group of concessions, 14% on the Miches Group of concessions, 28% on the GlobeStar Mining options (Cuance and Los Hojanchos) and 9% on Jobo Claro concession.

During the previous quarter, the Company and its partner GlobeStar Mining Corp. launched a major airborne geophysical survey on all properties owned by the companies in the central Dominican Republic. This includes Cuance, Los Hojanchos, Jobo Claro, Loma el Mate and the Maimon Copper Group of concessions. The Ampliacion project was covered by the survey during this quarter following the signing of the agreement with Linear Gold.

The Company's part of the survey covers about 300 km<sup>2</sup> and consists of approximately 3,143 line kilometres of low level survey covering the Maimón Formation, host of the Cerro de Maimón copper/gold project and satellite deposits such as Loma Pesada, and parts of the Los Ranchos Formation, host of the Barrick/Goldcorp Pueblo Viejo gold deposit, all located in the central part of the Dominican Republic. The Maimón Formation is host to at least 8 outcropping massive sulphide bodies, and the survey is designed to test extensions at depth of these bodies, plus seek-out new non-outcropping mineralization which may have been undetectable by shallow detection methods used in the past. The Los Ranchos Formation is host to large high sulphidation systems, and associated mineralization.

The survey was carried out by FUGRO Airborne Surveys Corp. and consisted of helicopter mounted Electromagnetic and Magnetic measurement equipment, with accurate surveying capable of achieving positional accuracy of 2 meters in static mode. The only previous EM survey was done in 1972, where the penetration below surface was estimated to be approximately 80 metres in depth, the technical limit of the equipment at that time. The new survey penetrates to an estimated 300 metres. The survey was done at 100 metre spacing and final processing and levelling is near completion.

#### *Ampliacion*

The Ampliacion Concession consists of 4,045 hectares adjacent to the northern edge of Barrick/Goldcorp's Pueblo Viejo project. Recent trench work by Linear Gold has encountered significant mineralization grading 11.3 g/t gold and 310 g/t silver over 18 meters. During 1981, the government mining company, Rosario Dominicana, during a shallow drill program, intersected 12.3 g/t gold over 12 meters.

A drilling program conducted in 2006 by Barrick/Goldcorp at the Pueblo Viejo Mine has outlined new mineralized trends that define a NNW corridor. Drill intercepts of 2.98 g/t gold over 117.7 meters (hole DPV06-04), 10.18 g/t gold over 9.87 meters (hole DPV06-12), 3.0 g/t gold over 108.4 meters (hole DPV06-03), and 5.31 g/t gold over 23.5 meters (hole DPV06-06) were cut in the extensions of the pits at Pueblo Viejo (Barrick presentation, NRSA, April 2-3, 2007). Gold-in-soil anomalies from a test line located on the Ampliacion concession north of the Pueblo Viejo project suggests that the new mineralized trend found by Barrick/Goldcorp may extend onto the Ampliacion concession.

The Ampliacion concession covers a portion of the entire stratigraphy of the Los Ranchos Formation, including shallow marine/lacustrine carbonaceous sandstone and shales, hosts of the Pueblo Viejo project. The Los Ranchos is overlain by more recent Hatillo Limestone. A recent study by Sillitoe et al. (2006) reports that the basal contact of the Hatillo limestone with the Los Ranchos carbonaceous units shows clear evidence of hydrothermal activity characterized by extensive advanced argillic and alteration. The inference is that the Hatillo limestone may have acted as an impermeable lithocap and thus having a decisive factor in the creation and preservation of the Pueblo Viejo deposit.

An 808-line kilometer airborne magnetic and electromagnetic survey conducted with a 100-meter spacing array was completed late April on the Ampliacion concession. The airborne data will be integrated with the current exploration that consists of comprehensive 100m x 100m grid soil sampling survey and a detailed mapping survey.

#### *Loma Hueca*

The Loma Hueca Concession consists of 3,450 hectares approximately 15 km south-east of Everton/Linear's Loma el Mate Concession.

The Loma Hueca concession is located in the upper portion of the stratigraphic sequence of the Los Ranchos Formation. The area includes volcanic clastic rocks and intercalated carbonaceous units similar to the Pueblo Viejo deposit. The area has received limited mapping and surface exploration. The occurrence of gossan and associated base metals anomalies is known in the area. Surface sampling by Linear in 2006 returned values up to 4.08 g/t Au and 2.3 g/t Au. The Company is currently reviewing the dataset prior to a work proposal.

#### *Loma el Mate*

Everton has also signed an option agreement with Linear to acquire an additional undivided 15% interest in the concession, thereby increasing its interest to 65%, by incurring all additional expenditures on the concession to the completion of a bankable feasibility study. Everton is currently analyzing the data from the recently completed air-borne geophysical survey flown over the concession before planning a work program to follow-up on last year's discovery hole TBM-07 at the Tres Bocas target grading 2.96 g/t Au, 104.91 g/t Ag, 2.03% Cu, and 9.41% Zn over 10.58 meters. An exploration program will be proposed as soon as the processing of the airborne geophysical data will be completed.

#### *Cuance and Los Hojanchos*

Most of the field work conducted on the Cuance concession is related to the Las Tres Bocas target on the Loma el Mate concession since the soil and the IP anomalies extend onto both concessions.

During the quarter, the Company and its JV partner Globstar have extended the zone of enriched multi-element soil anomalies on Cuance by over 1.5 km SE of the Las Tres Bocas target located on the adjacent Loma El Mate concession (JV with Linear Gold). The new multi-element soil anomalies include: gold, copper, zinc, lead, and pathfinders cadmium, arsenic and barium, and are equally as strong as the soil anomalies that resulted in a high-grade drill intercept of 11.58 meters of 2.74 g/t Au, 96.73 g/t Ag, 1.87% Cu and 8.62% Zn at the Las Tres Bocas target (press release dated May 17, 2006). These soil anomalies are also on trend with the soil anomalies identified on the adjacent Los Hojanchos concession (JV with Globstar).

This survey is a continuation of exploration efforts that commenced in the summer of 2005 and to-date, 1,332 soil samples have been collected on the Cuance concession, including 661 samples taken since September 2006. Exposures of mineralised quartz-sericitic schists which are similar to the Maimon Formation around the Las Tres Bocas area have been identified, mapped and sampled.

The comprehensive large-scale deep penetrating airborne magnetic and electromagnetic survey, announced on November 23, 2006, is currently being processed for the Cuance and Los Hojanchos concessions. A follow-up program consisting of additional definition soil and rock sampling was recently completed and will be processed in conjunction with the airborne geophysical data, to identify targets for drilling in the summer 2007.

### *Maimon Copper*

Everton holds a 100% interest in eight polymetallic concessions totalling 63.4 km<sup>2</sup> within the Maimon Formation. Compilation of historical work on some of the blocks indicates copper-, zinc- and gold-in-soil anomalies coincident with ground geophysical conductors. During the quarter, detailed mapping was conducted on two of the concessions, namely La Yautia and El Liano. The eight polymetallic concessions were flown by airborne Mag/EM geophysical survey. An exploration program will be proposed soon after the delivery of the airborne data. A work program should begin in August.

### *Jobo Claro*

In September 2005, The Company signed an agreement with an independent owner to acquire a 100% interest in the Jobo Claro concession adjacent to the Pueblo Viejo project. The 53 km<sup>2</sup> concession is located 1.5 km east of the Pueblo Viejo deposit.

The Jobo Claro concession is covered by the volcanic and sedimentary rocks of the Los Ranchos Formation, the same rock unit that hosts the Pueblo Viejo project. A regional stream sediment sampling program carried out between 1997 and 2000 by Sysmin for the Mining Office (Direccion General de Minería) of Dominican Republic, covered the Jobo Claro concession. From the 17 stream sediment samples collected on the concession, three of them returned anomalous gold values ranging from 11 to 75 ppb as well as two others, yielded values of 83 and 93 ppm, for a respective background of 10 ppb gold and 65 ppm copper.

A 96-shallow hole air track drilling program was completed in November, to penetrate the quarternary sediments cover and to test possible bedrock and geochemical anomalies. Favourable geology and altered units with sulphide mineralization were cut in some of the holes. Coinciding geochemical and airborne geophysical targets will be followed-up in the summer of 2007.

### *Miches*

Everton has the option to acquire up to 85% interest in the Miches project from two independent Dominican companies by spending a total US\$1,800,000 in exploration work and by paying option fees of US\$175,000 over a period of 3 years. The Miches project is comprised of four concessions covering 335 km<sup>2</sup> (La Guara, Leal, Las Cayas and El Piquito) located in the eastern part of the country. Everton is the operator for the Miches project.

A first phase of exploration work was conducted from the summer of 2006 to the end of this quarter. The program consisted mainly of reconnaissance mapping and high density stream sediment sampling. More detailed stream sediment sampling, soil sampling and mapping were carried out over anomalous areas. Results are pending.

### *La Mireya*

During the quarter, the Company completed a first phase of exploration work on the La Mireya concession covering 118.5 square kilometers within the eastern cordillera of the Dominican Republic. The program consisted in a higher density stream sediment sampling.

The La Mireya concession is covered by the rock of similar age and origin to those of the Los Ranchos Formation that host the Pueblo Viejo gold-silver deposit located 90 km to the west. Several copper-gold porphyry-type occurrences and alluvial placer gold mineralization have been identified in the past in this sector. A regional stream sediment survey conducted by the European Union SYSMIN program yielded gold values up to 1.44 g/t gold and six others over 200 ppm gold on the La Mireya concession.

Best targets are being followed-up by reconnaissance mapping and a soil sampling.

## Selected Financial Data

The following selected financial data are derived from the quarterly consolidated financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

### Selected Consolidated Financial Information (unaudited)

	Three months Ended April 30, 2007 \$	Three months Ended April 30, 2006 \$	Six months Ended April 30, 2007 \$	Six months Ended April 30, 2006 \$
<b>Statement of Operations</b>				
Management and consulting fees	82,337	112,882	168,022	154,790
Salaries and benefits	170,220	120,311	439,024	269,295
Total administrative expenses	478,541	411,083	1,008,936	730,921
Write-down of deferred exploration expenses	-	-	11,878	72,180
Interest income and other income	(78,233)	(662)	(88,612)	(1,574)
Net loss	400,308	380,870	932,202	771,976
Basic and diluted net loss per common share	0.01	0.01	0.02	0.02
Weighted average number of common shares outstanding	54,900,285	36,630,987	50,332,062	35,241,242
<b>Statement of Deferred Exploration Expenses</b>				
Deferred exploration expenses before write-down, tax credits and mining duties	1,851,329	736,927	2,708,202	1,062,211
<b>Statement of Cash Flows</b>				
Cash flows used in operating activities	(387,914)	(347,839)	(686,479)	(397,285)
Cash flows used in investing activities	(2,511,296)	(563,584)	(3,287,188)	(1,108,233)
Cash flows from financing activities	11,658,887	1,982,738	12,709,309	2,478,806
Net increase in cash and cash equivalents	8,759,677	1,071,316	8,735,632	973,289

	April 30, 2007 \$	October 31, 2006 \$
<b>Balance Sheet</b>		
Cash and cash equivalents	671,603	1,038,025
Short term investments	9,519,393	417,339
Mineral exploration properties	2,660,915	1,011,875
Deferred exploration expenses	5,505,612	3,470,563
Shareholders' equity	20,277,960	7,458,114
Total assets	20,594,188	7,884,760

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 growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

## Results of Operation

Total loss for the period ended April 30, 2007 is \$400,308, as compared to \$380,871 for 2006.

Administrative expenses were \$478,541 for the period, as compared to \$411,085 for 2006. This increase is mostly due to the attendance of more conferences during the period, salaries and benefits paid to new employees, an increase in the cost of reports to shareholders and an increase in general expenses related to office and administration.

Interest and other income was \$78,233 for the period as compared to \$662 for 2006. This increase is due to the investment of the private placement proceeds during the period as compared to the same period in 2006,

## Quarterly information

The following selected financial data are derived from the unaudited interim financial statements of the Company.

Quarter Ended	Other Income	Net Loss	Basic and diluted net Loss per common share
	\$	\$	
30/04/2007	78,233	400,308	0.01
31/01/2007	10,379	531,892	0.01
31/10/2006	4,182	292,536	0.01
31/07/2006	43,169	348,933	0.01
30/04/2006	32,694	380,870	0.01
31/01/2006	16,430	391,106	0.01
31/10/2005	24,431	1,006,950	0.04
31/07/2005	9,617	1,745,000	0.05

Net loss is relatively steady over the last eight quarters except for the third and fourth quarters of 2005 when important write-downs of mineral properties were recorded (\$1,452,507 in the quarter ended July 31, 2005 and \$748,260 in the quarter ended October 31, 2005).

## Liquidity

The Company's working capital stands at \$12,062,643 as at April 30, 2007, as compared to \$2,929,473 as at October 31, 2006.

The Company's principal requirements for cash during 2007 will be administrative expenditures and deferred exploration expenditures. The Company's direct exploration expenditures in 2007 are expected to be in the order of \$5 million and administrative expenditures will be approximately \$1 million. In February 2007, the Company closed a private placement financing of \$12.5 million. The Company will use the net proceeds from this offering to fund its exploration and development activities in the Opinaca region of James Bay, Quebec, to further advance the Company's exploration activities in the Dominican Republic, and for general corporate purposes.

## Capital Resources

During the period, the Company issued 10,849,286 common shares for total net proceeds of \$11,658,887 including 10,000,000 common shares issued further to the closing of a private placement, 214,286 common shares issued on the exercise of warrants, 30,000 common shares issued on the exercise of options and 605,000 common shares issued to increase participation in mineral properties.

## Off Balance Sheet Arrangements

As of April 30, 2007, the Company has no off balance sheet arrangements.

## Related Party Transactions

Under an agreement between the Company and Majescor Resources Inc. (which shares common management), the Company pays the cost of shared salaries and benefits, rent and office expenses which are then reimbursed at cost by Majescor Resources Inc. During the three-month and six-month periods ended April 30, 2007, the cost of shared salaries and benefits was respectively \$52,052 and \$116,288 (\$43,572 and \$85,450 in 2006) and rent and office expenses were respectively \$8,280 and \$16,560 (nil in 2006). Included in amounts due from related parties is \$42,557 (October 31, 2006 - \$46,168) due from Majescor Resources Inc.

Under an agreement between the Company and Uranium World Energy Inc. (which shares common management), the Company receives a quarterly compensation of \$16,250 (2006 – Nil) from Uranium World Energy Inc. for administrative services provided by the Company's employees (bookkeeping, filings and other accounting services). Included in amounts due from related parties is \$11,483 (October 31, 2006 – \$12,644) due from Uranium World Energy Inc.

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties and were conducted in the normal course of business.

## Book Value of Mining Properties

At the end of each quarter, management reviews the carrying values of its resource properties to determine whether any write-downs are necessary. Following this analysis, no write-down was deemed necessary during the period ended April 30, 2007.

## Changes in Accounting Policies

Effective November 1, 2006, the Company adopted the new accounting standards related to financial instruments, comprehensive income, equity and hedges that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are fully described in note 2 to the consolidated financial statements.

## Outstanding Share Data

Common shares and convertible securities outstanding at June 27, 2007.

Securities	Expiry date	Average exercise price	Number of securities outstanding
Common shares	-	-	57,411,983
Warrants	August 20, 2008	\$1.61	5,975,000
Options	Up to Dec 27, 2011	\$0.59	3,935,850

## Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks. The fair market values of these instruments approximate their carrying value.

## Disclosure controls and internal controls over financial

The Company's Chief Executive Officer and Chief Financial Officer (The Certifying Officers) are responsible for establishing and maintaining disclosure controls and procedures (the "Procedures") which provide reasonable assurance that information required to be disclosed by the Company under the various securities legislation (the "required Filings") is reported within the time periods specified. Without limitations, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Company's Certifying Officers are also responsible for establishing internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There was no material change in the Company's ICFR during the period from February 1, 2007 to April 30, 2007.

### **Risk and uncertainties**

Exploration of minerals and development of mineral properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

#### *Financial risk*

The Company is considered to be in the exploration stage, that it is dependant on obtaining regular financing in order to continue exploration. Despite previous success in acquiring this financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

#### Foreign exchange risk

Some of the Company's expenditures are in US dollars. Movement in the Canadian dollar against the US dollar therefore has a direct impact on the Company's cost base. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks

#### *Risk on the uncertainty of title*

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 title.

#### *Environmental risk*

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

### **Additional information and continuous disclosure**

This Management's Discussion and Analysis has been prepared as of June 27, 2007. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)).

*(s) André Audet*

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Chairman of the Board and Chief Executive Officer

*(s) Marc Carbonneau*

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Chief Financial Officer