MANTLE RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended March 31, 2007 and 2006

1.1 Date

This Management Discussion and Analysis ("MD&A") of Mantle Resources Inc. ("Mantle" or the "Company") has been prepared by management as of May 30, 2007 and should be read in conjunction with the unaudited interim consolidated financial statements and related notes thereto of the Company for the nine months ended March 31, 2007 and 2006 and with the audited financial statements and related notes thereto of the Company, as at and for the years ended June 30, 2006 and 2005, which were prepared in accordance with Canadian generally accepted accounting principles.

The Company is presently a "Venture Issuer", as defined in NI 51-102.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer, including potential business or mineral property acquisitions and negotiation and closing of future financings. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all Performance

Mantle was incorporated under the laws of the Province of British Columbia on February 10, 1988. The Company operates in one business segment, that being the exploration and development of mineral properties in Canada.

Pursuant to a special resolution passed by shareholders on February 15, 2002, the Company consolidated its capital on a one-new-for-eight-old basis and changed its name from Intertech Minerals Corp. to Mantle Minerals Inc. On April 25, 2002, the Company commenced trading on the TSX Venture Exchange (TSXV) under the symbol "MIN". To date, the Company has not generated significant revenues from operations or recorded any cost of sales and as a result is considered to be in the development stage. The underlying value of the mineral properties and related deferred costs are entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production.

Effective October 21, 2003, the Company was designated as inactive. The Company's listing was transferred to the NEX Board of the TSX Venture Exchange ("Exchange") and its tier classification was changed from Tier 2 to NEX in accordance with the revised policy 2.5 of the Exchange.

Effective September 22, 2004, the Company's listing was transferred from NEX to the TSX Venture Exchange and the Company's Tier classification was changed from NEX to Tier 2.

Effective August 9, 2005, the Company changed its name from Mantle Minerals Inc. to Mantle Resources Inc. and consolidated its share capital on the basis of two old shares to one new share. As a result, the common shares of Mantle Minerals Inc. were delisted and the common shares of Mantle Resources Inc. commenced trading under the trading symbol "MTS".

Effective October 18, 2005, the Company's common shares commenced trading on the Frankfurt Stock Exchange under the trading symbol M9R, WKN-A0F7E1.

During the year ended June 30, 2006, the Company graduated to Tier 1 of the TSX Venture Exchange.

As at the date hereof, the Company has mining interests in properties located in British Columbia and entered into the following agreements as at March 31, 2007:

Akie Property

During the year ended June 30, 2006, the Company entered into an agreement with Ecstall Mining Corporation ("Ecstall"), pursuant to which the Company has been granted an option entitling it to earn a 65% interest in Ecstall's Akie property, located in the Omineca Mining Division of British Columbia, subject to the following terms:

(i) by making the following cash payments to Ecstall:
- immediately, $100,000 (paid);
- on June 21, 2006, $100,000 (paid);
- on June 21, 2007, $125,000; (paid in advance) and
- on June 21, 2008, $125,000 (paid in advance).

(ii) by incurring a minimum of $4,000,000 on exploration work on the Akie property as follows:
- by August 31, 2006, $1,000,000 (incurred);
- by August 31, 2007, an additional $1,500,000 (incurred); and
- by August 31, 2008, an additional $1,500,000 (incurred).

As per the original agreement, the Company shall be the operator of the Akie property until December 31, 2006 and responsible for managing all work carried out on the Akie property. In return, the Company shall be paid an operator's fee. Ecstall has the right to become the operator of the Akie property commencing January 1, 2007 until the Company exercises the option.

Following earn-in by the Company of a 65% interest in the Akie property, further exploration and development will be carried out pursuant to a joint venture agreement, with the initial participating interests in the joint venture to be: the Company – 65%; and Ecstall – 35%. Under the terms of the joint venture agreement, each of the Company and Ecstall would be responsible for paying their proportionate share of all expenses respecting the Akie property, with a minimum of $500,000 to be expended on exploration work on the Akie property during each year after June 1, 2008.

The Company issued 150,000 shares as a finder's fee to a third party as per the terms of the agreement.

On February 23, 2007, the Company acquired approximately 96% of the issued and outstanding shares of Ecstall pursuant to its take-over bid made December 22, 2006, as amended by its Notice of Variation dated January 29, 2007 and Notice of Extension dated February 9, 2007. The conditions of its Offer were satisfied and the Company took up an aggregate of 49.3 million shares of Ecstall which were validly tendered prior to the February 23, 2007 expiry date. Pursuant to the Offer, the Company issued and distributed to those shareholders who have tendered, 0.41 of one share of the Company for each Ecstall share tendered.

The results of Ecstall's operations have been included in the consolidated financial statements since February 23, 2007.

Subsequent to the quarter ended March 31, 2007, the Company exercised its rights pursuant to compulsory acquisition procedures under the British Columbia Business Corporations Act to acquire, for the same consideration as that paid under the Offer, all of the remaining shares of Ecstall that were not tendered to the Offer.

Property Update

Below is a progress report on the ongoing exploration program at the Company's Akie zinc-lead property located in northeastern British Columbia, approximately 280 kilometers north-northwest of the town of Mackenzie.

HOLE: A-06-41A. (Az: 055°; Dip: -83°; Grid: 3520N/0115W; Elev: 1398 meters; End of hole: 675.74 meters)

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
587.60	604.35	16.75	6.56 (6.70)	1.20 (1.21)	7.76 (7.91)
Incl. 591.87	604.35	12.48	6.99 (7.12)	1.31 (1.33)	8.30 (8.45)
Incl. 596.70	604.35	7.65	7.65 (7.81)	1.49 (1.51)	9.14 (9.32)

For each of the zinc and lead values presented above, the first figure has been derived from assay data received from Acme Analytical Laboratories Ltd. ("Acme"), Vancouver, B.C., and the second, in italics in brackets, has been calculated from confirmatory analyses carried out on assay pulps from Acme by Global Discovery Labs, Vancouver, BC. The average silver values for the reported intervals, determined by Acme, range from 13 to 18 gr/tonne.

The true width of the mineralization is estimated to be 79% of the core interval but this figure is subject to revision.
Hole A-06-41 was drilled from the same pad, and on the same section, as holes A-05-33 and A-06-40 and pierced the mineralized zone approximately 45 meters down dip from the pierce point of A-05-33.
During the recently completed 2006 exploration program, the Company drilled 11 holes totaling 4,880.58 meters, comprising seven holes (4,434.39 meters) that penetrated the Akie mineralized horizon and four holes (446.19 meters) that were abandoned for various technical reasons.

Previous Results:

HOLE: A-06-40

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
480.00	510.40	30.40	5.49 (5.04)	0.86 (0.88)	6.35 (5.92)
Incl. 483.60	490.80	7.20	6.88 (6.37)	1.06 (1.09)	7.94 (7.46)
And. 493.00	505.30	12.30	7.33 (6.69)	1.19 (1.22)	8.52 (7.91)
Incl. 493.00	502.10	9.10	8.56 (7.82)	1.35 (1.38)	9.91 (9.20)

HOLE: A-06-39A

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
490.00	508.10	18.10	8.16 (8.16)	1.58 (1.69)	9.74 (9.85)
Incl. 490.00	503.00	13.00	9.73 (9.60)	1.82 (1.97)	11.55 (11.57)
Incl. 494.00	502.00	8.00	11.73 (11.27)	2.24 (2.44)	13.97 (13.71)

HOLE: A-06-38

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
528.35	547.75	19.40	8.27 (7.71)	1.45 (1.44)	9.72 (9.15)
Incl. 528.35	542.20	13.85	8.99 (8.44)	1.68 (1.67)	10.67 (10.11)
Incl. 537.80	542.20	4.40	13.00 (11.87)	1.83 (1.82)	14.83 (13.69)
Incl. 544.90	547.75	2.85	12.39 (11.23)	1.58 (1.66)	13.97 (12.89)

HOLE: A-06-37A

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
500.20	525.70	25.50	8.45 (8.31/8.29)	1.74 (1.66/1.67)	14.6 (N/A)
Incl. 500.20	508.00	7.80	9.35 (9.80/9.73)	1.73 (1.73/1.77)	15.1 (N/A)
Incl. 511.00	520.30	9.30	10.35 (9.83/9.83)	2.25 (2.08/2.10)	17.3 (N/A)

HOLE: A-06-36A

a) Hanging Wall Zone

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
673.50	688.10	14.60	3.90 (4.20)	0.74 (0.73)	6.8 (N/A)

b) Cardiac Creek Zone

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
711.40	721.80	10.40	5.81 (6.16)	1.19 (1.18)	10.6 (N/A)
711.40	720.10	8.70	6.56 (6.92)	1.34 (1.33)	11.8 (N/A)
Incl. 713.00	716.00	3.00	9.14 (9.22)	1.68 (1.70)	14.0 (N/A)

Hole: A-06-35.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
642.70	664.60	21.90	8.88 (8.47)	1.80 (1.74)	15.6 (N/A)
Incl. 654.50	664.60	10.10	11.06 (10.69)	2.52 (2.46)	21.3 (N/A)
677.10	681.90	4.80	9.33 (9.23)	2.16 (2.20)	17.3 (N/A)

Hole: A-05-33.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
558.55	577.75	19.20	8.71 (8.53)	1.83 (1.89)	16.01 (N/A)
Incl. 565.50	577.00	11.50	9.81 (9.52)	2.20 (2.23)	18.54 (N/A)
Incl. 571.00	577.00	6.00	11.97 (11.58)	2.79 (2.85)	22.00 (N/A)

Hole: A-05-32.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
555.20	581.90	26.70	11.95	2.74	22
Incl. 558.20	581.90	23.70	12.47	2.91	23.5
Incl. 570.40	581.90	11.50	16.16	3.95	29
Incl. 576.40	580.05	3.65	28.25	6.18	44

Hole: A-05-30.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
531.75	568.80	37.05	10.98 (11.30)	2.61 (2.65)	21.2 (NA)
Incl. 543.47	567.30	23.83	15.02 (15.57)	3.27 (3.77)	28.5 (NA)
Incl. 543.70	561.40	17.93	17.22 (18.08)	4.20 (4.23)	30.1 (NA)

Assay Samples and Assay Procedures

All core selected for analysis is split by diamond saw and sampled, with a maximum of 1.5 meters of core in each sample. These are placed in plastic bags and shipped in secure containers to Analytical Laboratories Ltd. in Vancouver, British Columbia, for analysis for zinc, lead and silver by aqua regia digestion followed by ICP emission spectrometry (Group 7A-ICP Multi-Element Assay). Check assays are carried out by Global Discovery Labs, also in Vancouver, employing aqua regia digestion followed by atomic absorption finish (Group 4).

John R. Fraser, P.Geo. (BC) is the Qualified Person for the Company and is responsible for the technical information contained in news releases.

About the Akie Property

The Akie property, which has been optioned from Ecstall comprises a total of 256 claim units, in 22 contiguous mineral claims encompassing some 5,400 hectares, situated in the Omineca Mining Division of British Columbia. Between 1992 and 1996, approximately $5.4-million was spent exploring the property, including approximately 13,000 metres of diamond drilling.

Variably siliceous, bluish-grey weathering, fine-grained clastic rocks of the Middle to Late Devonian ‘Gunsteel formation’ host a sheet-like body of laminated to massive pyrite and barite, with local finely laminated bands of sphalerite and galena, that has a strike length of 1,600 meters, a dip extent of at least 800 meters and a true width of up to 30 meters. Within this, Inmet Mining Corporation, the previous operator, identified an inferred resource, based on four widely spaced drill holes, of 13 million tonnes grading 8.52% zinc, 1.47% lead and 13.24 grams silver/tonne over a true width of 6.3 meters.

Note: This historical inferred resource estimate was prepared before the implementation of National Instrument 43-101. The Company’s Qualified Person has not reviewed the estimate but believes it to be reliable and relevant as it was calculated by Inmet Mining Corporation, a respected international mining concern, using simple polygonal blocks. However, this estimate should be treated as a historical resource estimate and should not be relied upon until additional drill hole information is available.

The Akie deposit is open to expansion in tonnage and grade both along strike and down-dip.

Photos of the Akie zinc-lead property are available at the Company's website at www.mantleresources.com.
For further information regarding the Akie property, the reader is referred to a NI 43-101 report, titled *Geological Report on the Akie Property*, dated October 24, 2005, by D.G. MacIntyre, Ph. D., P.Geo.(BC)., which is filed on SEDAR at www.sedar.com.

Armstong Brook Gold Property

During the year ended June 30, 2006, the Company entered into an option agreement with Geodex Minerals Ltd. ("Geodex") to earn a 65% interest in Geodex's 100%-owned Armstrong Brook gold property, located in the Cape Spencer area near Saint John, New Brunswick, subject to the following terms:

(i) by making the following cash payments to Geodex:
- $15,000 upon Exchange approval of the agreement (paid);
- $20,000 on the first anniversary; and
- $30,000 on the second anniversary.

(ii) by issuing a total of 450,000 post-consolidated common shares to Geodex as follows:
- 100,000 common shares upon Exchange approval of the agreement (issued);
- 150,000 common shares due on the first anniversary; and
- 200,000 common shares due on the second anniversary.

(iii) by incurring minimum exploration expenditures of $200,000 in the first year and a cumulative total of $1,000,000 by the second anniversary of the agreement.

The Company would have been able to increase its interest to 75% by funding 100% of all exploration and development costs to the stage of completing a feasibility study. The claims are subject to a 1.5% NSR.

The Company issued 50,000 shares as a finder's fee to a third party as per the terms of the option agreement.

During the year ended June 30, 2006, management decided not to proceed with this option agreement. The Company introduced Geodex to Global Sortweb.Com Inc. ("Global") and entered into a finder's fee agreement as per the following terms:
- $25,000 within seven business days from the date of acceptance for filing of the agreement
- $10,000 within two months of the acceptance date

The Company has not collected these amounts yet.

Accordingly all acquisition and related exploration costs of $ 65,367 were written-off during the previous year.

West Range Property

The Company entered into an agreement with West Range Exploration Ltd. ("West Range"), pursuant to which the Company has agreed to purchase all of West Range's interest held in its property located in British Columbia by making a payment of $10,000 to West Range.

Afridi Lake Properties

As of March 31, 2007, the Company beneficially owned an undivided 8.2% interest, subject, in part, to certain royalties and a royalty reduction option dated August 30, 1998, in twenty-four mineral claims and three mineral leases, known collectively as the Afridi Lake Property. The Afridi Lake Property is located southeast of Lac de Gras, approximately 335 km northeast of Yellowknife, Northwest Territories. The target mineral being sought on the property is diamond contained in kimberlite. To date, five kimberlite intrusions, with variable, but low diamond content, have been identified on the mineral leases.

Before April 1, 2002, the Company held a 100% interest, subject to a 5% gross overriding royalty ("GOR") on diamonds, a 5% net smelter returns ("NSR") royalty on other minerals and a 10% net profits interest ("NPI"), in forty-two mineral claims. The GOR, NSR and NPI were all subject to the above mentioned royalty reduction option. With the exception of three mineral claims, the DA 4, 5 and 6, which were converted to mineral leases (#4242, #4243, and #4244), all of the original claims were scheduled to expire on April 1, 2002, having reached the end the allowed ten year tenure period. To facilitate the conversion to leases of additional claims, the Mining recorder, Yellowknife, granted extensions to the April 1, 2002 expiry date.

On March 13, 2002, the Company entered into a Letter of Intent with Shear Minerals Ltd. ("Shear") which defined the basic terms of a proposed agreement under which Shear could earn a 50% interest in the DA 1-12 mineral claims. On April 9, 2002, the Company entered into a similar agreement with Dasher Energy Corp. ("Dasher") whereby Dasher could earn a 50% interest in the DA 13, 14, 16-18, 25-27, 41 and the DAA 1 mineral claims. Under this agreement, the Company received 200,000 common shares of dasher valued at $200,000. the purpose of these agreements was to cause exploration to be carried out on the claims concerned and to convert as many of these possible to mineral leases.

On September 5, 2002, the above-referenced agreements were replaced by a Letter of Intent between Shear, Dasher, International Samuel Exploration Corp. ("Samuel") (collectively referred to as the "Companies") and the Company which defined the basic terms of an option agreement under which the Companies could each earn a 25% interest in the DA 4-12, 14, 16-18, 25-29 and DAA 1 mineral claims. To exercise the option, the Companies were required to expend a total of $250,000 on exploration of the claims within 180 days of the execution agreement, convert selected mineral claims to mineral leases, and issue to the Company 100,000 shares of each of the Companies for every diamondiferous kimberlite intrusion discovered. As of June 30, 2004, the $250,000 had been expended and each of Shear, Dasher and Samuel had vested their 25% interest. After this, the Company and the Companies entered into a joint venture to continue exploration on the property. Due to dilution of the interest of Dasher (now New World Resource Corp.) and the Company, the joint venture interests have been adjusted to Shear – 58.2%, Samuel – 25.4%, New World – 8.2% and Mantle – 8.2%.

During 2004, management wrote-down the carrying value of the Afridi interest to an amount established by the parties.

During fiscal 2005, management decided to discontinue its funding of its interest in the Afridi property and all costs associated with these claims were written-off to operations.

Mt Alcock Properties

During the nine months ended March 31, 2007, the Company entered into a property purchase agreement to acquire, a 100% interest, subject only to a 1% Net Smelter Returns (NSR) royalty, in 18 mineral claims located in the Mt. Alcock area of northeastern British Columbia in consideration of the payment of $75,000 cash and the issuance of 200,000 common shares (100,000 issued shares upon TSX Venture Exchange ("Exchange") approval and 100,000 shares issued on or prior to nine months after the anniversary of the Exchange acceptance date) of the Company. The Company has an option to purchase the entire NSR from the vendor for the sum of $1 million cash, subject to TSX Venture Exchange approval.

Ketchika Regional

On March 28, 2007, the Company entered into a definitive agreement with Megastar Development Corp. pursuant to which the Company will have an option to earn an initial 60% interest in Megastar's SEDEX zinc properties located in Northeastern British Columbia by spending up to $2.25 million. Megastar's 100% owned SEDEX zinc properties are located within the highly prospective Gunsteel shale formation in the regionally extensive, world-class Kechika trough sedex zinc basin. The properties comprise over 18,000 hectares and are situated adjacent to and along strike the favourable geology which is host to several zinc deposits including the nearby Akie deposit where drilling has intersected extensive high-grade SEDEX style. The definitive agreement is subject to regulatory approval. The Company will be the operator and can earn a 60% interest in Megastar's properties as follows:

(i) Payment to Megastar of $50,000 and the issuance of 50,000 shares of the Company upon signing a definitive agreement; (paid and issued)

(ii) The issuance of 50,000 shares of the Company nine months from signing a definitive agreement;

(iii) Payment to Megastar of $100,000 and the issuance of 25,000 shares of the Company on or before the first anniversary of the signing of the definitive agreement; and

(iv) Spending $2.25 million in exploration and development over a three-year period.

Summary of expenditure incurred on various properties upto the nine months ended March 31, 2007:

Property	Acquisition cost	Advances	Geological consulting	Drilling	Write-off	Total
Akie	$ 18,819,625	$ 421,449	$ 62,802	$ 4,234,432	$ –	$ 23,538,308
Armstrong Brook Gold	65,367	–	–	–	(65,367)	–
West Range	10,000	–	–	–	–	10,000
Mt Alcock	136,778	–	1,352	1,185	–	139,315
Ketchika Regional	2,737,892	–	86,257	–	–	2,824,149
Total	$ 21,769,662	$ 421,449	$ 150,411	$ 4,235,617	$ (65,367)	$ 26,511,772

1.3 Selected Annual Information

Please see Management Discussion and Analysis for the fiscal year ended June 30, 2006.

1.4 Results of Operations

The following is a discussion of the financial condition, changes in financial condition and results of operations of the Company for the nine months ended March 31, 2007 and 2006. There have been no major changes in accounting policies during these periods.

During the nine months ended March 31, 2007, the Company reported a loss of $1,664,373 or $0.05 per share compared to a loss of $2,032,859 or $0.12 per share during the nine months ended March 31, 2006, a decrease in loss by $368,486. The decrease in loss was primarily due to decrease in stock compensation expense by $844,347.

The administration expenses increased by $10,500, office and miscellaneous expenses by $9,758, investor relation expenses by $208,128, consulting fees by $28,654, management fees by $206,124, transfer agent fees by $3,387, travel and promotion by $31,379, wages and benefits by $126,610, and loss on sale of asset by $12,873 offset by decreases in professional fees by $9,009, regulatory fees by $17,054, stock based compensation by $844,347, and increases in interest and other income by $133,956 and a gain on sale of marketable securities by $9,251.

Total interest and other income during the nine months ended March 31, 2007 was $154,339 compared to $20,383 during the nine months ended in the previous year. The gain on sale of marketable securities was $12,168 during the period as compared to $2,917 during the same period last year.

The increase in investor relations by $208,128 and consulting fees by $28,654 during the period was a result of fees paid to various parties in connection with the Company's acquisition of interests in resource properties and other potential acquisitions and fees paid relating to strategic public relations campaigns for increased investor awareness. The Company did not incur any investor relation fees during the nine months ended 2006.

The increase in management and administrative fees by $206,124 and $10,500, respectively were due to a management and administrative services agreement entered into by the Company effective October 2004 with a company controlled by a director of the Company whereby the Company agreed to pay management fees of $5,000 per month and administrative fees of $1,000 per month. The management fee was increased to $7,500 per month and administrative fee to $2,500 per month, during the year ended June 2006. $188,624 in management fees was paid to former directors of Ecstall as a result of the take-over bid.

Regulatory fees decreased by $17,054 as there were no events such as listing on the Stock Exchange or private placements during the nine months ended March 31, 2007.

Travel and promotion increased by $31,379 due to various travel expenses incurred by directors for presentations arranged for various potential European investors and newswire costs for various press release disseminations.

The Company recognizes compensation expense for all stock options granted, using the fair value based method of accounting and any cash paid on the exercise of stock options is added to the stated value of common shares. The Company recorded stock compensation expense of $701,219 for the nine months ended March 31, 2007 as there were options granted. For the nine months ended March 31, 2006, the Company recorded $1,545,566 in stock compensation expense for options granted during the period.

1.5 Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Interest and Other Income	Loss	Loss per share
March 31, 2007	$	$	$
	64,281	(689,994)	(0.01)
December 31, 2006	55,286	(910,184)	(0.03)
September 30, 2006	46,939	(64,195)	(0.00)
June 30, 2006	64,657	(86,959)	(0.00)
March 31, 2006	20,619	(1,357,382)	(0.06)
December 31, 2005	2,231	(419,581)	(0.03)
September 30, 2005	449	(255,896)	(0.02)
June 30, 2005	1,123	(127,963)	(0.01)

Over the past eight fiscal quarters there have been no significant trends.

1.6/1.7 Liquidity and Capital Resources

The Company reported a working capital of $8,780,778 at March 31, 2007 compared to a working capital of $5,262,263 at June 30, 2006, representing an increase in working capital by $3,518,515. Net cash on hand increased by $3,840,162 from

$4,920,537 at June 30, 2006 to $8,760,699 at March 31, 2007. The increase in cash resulted from an increase of $4,028,424 through issuance of capital stock net of issuance costs, share subscriptions of $2,564,500, cash acquired through Ecstall's takeover of $535,302, proceeds on sale of marketable securities of $79,280, and proceeds on sale of capital assets of $17,100, offset by cash utilized for operations of $1,182,601, purchase of marketable securities of $135,640, purchase of equipment of $812, and resource properties costs of $2,065,391.

Current assets excluding cash as at March 31, 2007 consisted of receivables of $193,513 which consists of GST recoverable of $52,875, accounts receivable of $93,568 and interest receivable of $47,070, deposits held in trust of $269,875 and prepaid expenses of $3,176. Current assets excluding cash at June 30, 2006 consisted of receivables of $228,089 which consists of GST recoverable of $165,915 and interest receivable of $62,174 and marketable securities of $576,873.
Current liabilities as at March 31, 2007 mainly consisted of accounts payable and accrued liabilities of $446,485 (June 30, 2006 - $463,236).

During the nine months ended March 31, 2007, the Company generated net cash of $6,592,924 from its financing activities as follows:

(a) an aggregate of 6,572,899 warrants were exercised at a price ranging from $0.20 per share to $0.85 per share and a total of 6,572,899 common shares were issued for total proceeds of $1,543,022.

(b) 35,000 options were exercised at $0.20 per share and 35,000 common shares were issued for gross proceeds of $7,000.

(c) the Company entered into a financing arrangement with Lundin Mining Corp., pursuant to which Lundin Mining will purchase units equal to just under a 10 per-cent equity position in the Company. Lundin Mining has subscribed, by way of a non-brokered private placement, for 3,685,000 units of the Company at a price of $0.78 per unit for gross proceeds of $2,874,300. Each unit consists of one common share and one common share purchase warrant. Each warrant shall entitle the purchaser to purchase, at any time within 24 months from closing, one common share of the Company at a price of $0.78.

(d) an aggregate of $2,564,500 was received in share subscriptions through a private placement which was closed subsequent to the period.

Financing for the Company's operations was funded primarily through the exercise of options and warrants. The other sources of funds potentially available to the Company are through the exercise of outstanding stock options, share purchase warrants and brokers' warrants. See *Item 1.15 – Other Requirements – Summary of Outstanding Share Data*. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised.

The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

During the year ended June 30, 2005, the Company wrote-off all of its interests in the DA and AYL properties located in the Northwest Territories. During the year ended June 30, 2006, the Company wrote-off all of its interest in the Armstrong Brook Gold property located in New Brunswick in order to focus purely on its Akie zinc-lead property located in British Columbia. See *1.2 Over-all Performance – Akie Property* for a full disclosure on this property.
The Company's overall success will be affected by its current or future business activities. The Company is currently in the

process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of expenditures incurred to earn an interest in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the nine months ended March 31, 2007, the Company paid or accrued $67,500 (2006 – $50,000) for management fees and $22,500 (2006 – $12,000) for administrative fees to a company controlled by a director of the Company.

During the nine months ended March 31, 2007, the Company paid or accrued $20,419 (2006 - $10,500) for consulting and geological services fees to a company controlled by a director of the Company.

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

1.10 Subsequent Events

Subsequent to the period ended March 31, 2007:

(a) Completed a non-brokered private placement of 3,500,000 Units at a price of $1.15 for gross proceeds of $4,025,000. Each Unit consists of one common share and one-half share purchase warrant of the Company. Each whole warrant entitles the holder, on exercise, to purchase one additional common share of the Company at a price of $1.75 at any time until the close of business on the day which is two years from the date of issue of the warrant. The securities issued are subject to a four month hold period.

The Company paid a total of $70,725 as finders' fees on a portion of the private placement.

(b) 488,312 warrants were exercised at a price of $0.85 to $1.00 per share and an aggregate of 488,312 common shares were issued for gross proceeds of $472,315.

(c) Pursuant to the Company's definitive agreement with Megastar, $50,000 was paid and 50,000 shares were issued to Megastar at a deemed value of $53,500.

(d) 50,000 options and 1,005,000 options at an exercise price of $1.21 and $1.40, respectively were granted to directors, officers, consultants and employees of the Company.

1.11 Proposed Transactions

No disclosure necessary.

1.12 Critical Accounting Estimates

Not applicable to Venture Issuers.

1.13 Changes in Accounting Policies including Initial Adoption

None.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, deposits held in trust, receivables, marketable securities and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these financial statements approximate their carrying value, unless otherwise noted.

1.15 Other Requirements

Summary of outstanding share data as at May 30, 2007

(1)	Authorized: Unlimited common shares without par value	
	Issued and outstanding:	60,623,573
(2)	Stock options outstanding:	4,037,500
(3)	Warrants outstanding:	8,930,664

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2007 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer, have concluded that, as of March 31, 2007, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have also concluded that there has been no change in the Company's internal control over financial reporting during the period ended March 31, 2007 that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.
On behalf of the Board of Directors, thank you for your continued support.

"Peeyush Varshney"

Peeyush Varshney
Director
May 30, 2007