

Management Discussion and Analysis of Financial Condition and Results of Operation

January 26, 2006

Special note regarding forward-looking statements

This document may contain or refer to certain forward-looking statements relating but not limited to Majescor's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may", and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, and is based on current expectations that involve a number of business risks and uncertainties. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

Majescor undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Introduction

Management's discussion and analysis ("MD&A") of the operating results and financial condition of Majescor Resources Inc. (the "Company"), dated January 26, 2007, should be read in conjunction with the consolidated balance sheets of the Company as at February 28, 2006 and the consolidated statements of operations and deficit, deferred exploration expenses and cash flows for the year ended February 28, 2006.

The MD&A is prepared in conformity with National Instrument 51-102 FI and has been approved by the Board of Directors prior to release.

Nature of activities

The Company, incorporated under the Canada Business Corporations Act, is in the business of exploring for diamonds. It has not yet determined whether its properties contain diamond 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.

Majescor is primarily engaged in diamond exploration. Its activities are for the most part located in northern Quebec which is underlain by Archean bedrock known to be prospective for economic diamond deposits. The area is also characterized by its accessibility and by the existence of clear agreements governing land access and mining rights. Majescor is one of the most active diamond exploration companies in Quebec where it holds the exploration rights to the largest portfolio of diamond properties.

Majescor also holds options or interests in a number of properties located in Nunavut and the Northwest Territories (NWT). All are situated on the Slave Craton which hosts the Ekati, Diavik and Jericho diamond mines. The Company has also concluded partnerships to explore new territories in the NWT and Brazil for primary diamond deposits, in areas that have been neglected in terms of modern exploration. The Company, in partnership with local mining companies, also explores large tracts of land in Madagascar for diamonds.

Majescor, as part of its new business development strategy, is also pursuing other mineral development opportunities for gold, base metals and uranium in the regions of the world where it is actively seeking diamonds

Exploration Activities

During the 4th quarter of 2006, Majescor Resources' exploration activities spanned a number of geographic areas throughout the world, from Madagascar to Brazil and including the Northwest Territories, Nunavut and Québec in Canada. Ten (10) projects saw active exploration work during the year, namely airborne geophysical surveying (Banks Island in the NWT; Baker Lake in Nunavut); ground geophysical surveying (Lac Laparre in Quebec); surficial sediment sampling and prospecting (Portage, Mistassini and Mirabelli in Quebec; Ankarimbelo in Madagascar); surface rock sampling (Daraina and Besakoa in Madagascar); and core drilling (Besakoa in Madagascar; Braúna in Brazil) and mini-bulk sampling (Braúna in Brazil).

Gross exploration expenditures for the period amounted to \$ 1,141,905 (\$337,477 at the same period in 2005). The level of expenditures incurred during the period ended November 30, 2006 is higher than expenditures incurred at the same period of last year, considering that important geophysics expenditures were incurred on Baker Lake property and also, the Company purchased four properties in Madagascar during this period.

Québec

Lac Laparre (diamonds)

In October of 2006 Majescor and its partner Peregrine Diamonds Ltd ("Peregrine") received the final results of the ground geophysical survey carried out over 6 airborne geophysical targets outlined on the Lac Laparre property. Two targets were surveyed using ground magnetic methods. Two other targets which had previously been surveyed for ground magnetics were further tested using electromagnetic (Max-Min) and gravimetric methods. The remaining two target areas were surveyed using all three ground geophysical methods. The geophysical interpretation report by MPH Consulting Ltd of Toronto is expected to be delivered to Majescor and Peregrine by the end of January.

One of the airborne geophysical targets tested by Max-Min and gravimetric surveying falls on land classified by the Quebec Ministry of Natural Resources and Wildlife as "Land reserved to the State" as it borders the proposed Alanel-Témiscamie-Otish national park. A biodiversity impact study was completed over the target concurrent to the ground geophysical surveying. Preliminary findings from Groupe-Conseil Genivar's biodiversity study were received in November of 2006.

In January 2007, Majescor ordered a detailed remote sensing structural study to be carried-out over the north portion of the Lac Laparre property. The findings and recommendations of the ground geophysical survey and remote-sensing study will form the basis for the design and implementation of a follow-up core drilling program for kimberlite targets.

The agreement between Majescor and Peregrine relating to the Lac Laparre project expired on November 1, 2006 without Peregrine having met its obligation to earn a 50% interest in the property.

Two hundred and sixty-two (262) map-designated claim cells ("CDCs") out of the total of 317 making-up the Lac Laparre property are up for renewal in the first 5 months of 2007.

Mirabelli (De Beers Option – diamonds and Gold/Base Metals)

In September 2006 Majescor signed an option agreement with De Beers Canada Exploration Inc. ("De Beers") to earn an interest in their Mirabelli property located in the James Bay territory of Quebec, approximately 80 km southeast of the town of Eastmain. The large 3,246 km² property has both diamond and gold/base metal potential and the agreement provides for separate provisions to earn an interest in each.

In October 2006 Majescor implemented a first ground survey for diamonds on the Mirabelli property. A total of 251 sites selected following a compilation of De Beers historical data from the property area were subjected to glacial sediment sampling for kimberlite indicator minerals (“KIMs”) and for pebble lithology measurements. A preliminary Quaternary investigation of the survey area was also undertaken by the James Bay Joint Action Mining Committee of Chibougamau, the findings of which were received in November 2006.

All 251 glacial sediment samples collected were processed for heavy mineral recovery at De Beers’ Sudbury, Ontario laboratory facility. Seven (7) field duplicate samples were submitted to Overburden drilling Management of Ottawa (“ODM”) for quality control purposes. Mineralogical analysis of heavy mineral concentrates for KIMs is currently underway at De Beers. Geochemical sub-samples collected from each of the 251 glacial sediment samples were also submitted to an external laboratory for multi-element and gold analysis.

In January 2007, a 191 km² priority area on the Mirabelli property, identified as a result of geological compilation work, was surveyed using high resolution airborne magnetics. Final results from the airborne geophysical survey, expected in February, will be integrated with forthcoming KIM results to identify and prioritize targets for a first phase of core drilling for kimberlites.

On the gold and base metal side at Mirabelli, Majescor has received gold grain counts from ODM for 1,760 out of a total of 1,958 heavy mineral table concentrates (-0.3 mm size fraction) derived from De Beers KIM surveys over the Mirabelli property and adjacent area of interest.

Mistassini (diamonds)

Near the end of the summer 2006 exploration season Superior Diamonds Inc., the operator of the Mistassini project, conducted a brief follow-up glacial sediment sampling program for KIMs. A total of 38 samples were collected in 2 specific areas of the property. Final KIM results are expected in February.

Majescor and Superior Diamonds are currently studying a proposal to do follow-up exploration work on a pegmatite uranium showing discovered in drill hole MISF-02-08 in November of 2002 (**0.20% U₃O₈ over 4.50m**).

Nottaway (diamonds)

Majescor is continuing with its efforts to find a partner for this project.

Portage (diamonds)

In September 2006 Majescor and its partner Forest Gate Resources Inc. (“Forest Gate”) collected 415 glacial sediment samples across 8 priority areas on the Portage property. While conducting prospecting and mapping work a new kimberlite boulder dispersal train was discovered in the Remick dike area. A total of 2.5 tonnes of kimberlite material from the new float occurrence was collected and shipped to De Beers’ Dense Media Separation (“DMS”) facility in Grande-Prairie, Saskatchewan for heavy mineral recovery (+0.85 mm lower cut-off). The DMS processing of the 2.5 tonne bulk sample yielded a 22.35 kg heavy mineral concentrate which was submitted to the Saskatchewan Research Council’s (“SRC”) mineral processing facility in Saskatoon for macrodiamond recovery using caustic fusion for macrodiamond (+0.500 mm) at SRC. No macrodiamonds were recovered from the concentrate.

The U0341-110 float, which exhibited abundant and very coarse olivine and ilmenite up to 3 cm, as well as occasional xenoliths was processed separately for microdiamonds at the Saskatchewan Research Council’s (“SRC”) laboratories in Saskatoon using a 0.106 mm lower cut-off.

A 54.15 kg sample of macrocrystic kimberlite (U0341-110) from the new float occurrence was processed separately for microdiamonds at SRC using a 0.106 mm lower cut-off. The U0341-110 float sample yielded a total of 83 diamonds, or approximately 6 times more diamonds per kg than the original U0340 material processed in 2004. The largest diamond weighed 0.079 mg (0.46 x 0.42 x 0.26 mm) and is described as colorless, clear and octahedral.

A series of glacial sediment samples were also collected and submitted for KIM analysis at ODM's Ottawa laboratory with split samples being sent to a second external laboratory for trace element geochemical analysis. Final analytical results for the 415 geochemical samples were received in January 2007 and are currently being compiled and interpreted. To date, Majescor and Forestgate have received results for 200 KIM samples. Final KIM results are expected in February.

Current exploration plans call for additional ground geophysical surveying at the head of selected KIM dispersal trains to be carried-out this winter.

The Portage property is situated within 10 km of the diamondiferous Renard kimberlite cluster currently being bulk-sampled by Ashton Mining of Canada.

Nunavut and Northwest Territories

Baker Lake Property, Nunavut (De Beers Option – diamonds and Uranium)

In August 2006 Majescor announced it had entered into an agreement with Uranium World Energy Inc. ("UWE"), a recently formed private mining company, whereby UWE can acquire a 100% interest in Majescor's Baker Lake property uranium rights which had previously been optioned by Majescor from De Beers. The property consists of two continuous claim blocks totaling 19 permits which are still held by De Beers Canada Exploration Inc.

In the fall of 2006 a limited uranium exploration campaign was undertaken to verify the conclusions of a 43-101-type report conducted by MPH Consulting Ltd. of Toronto ("MPH"). The geological compilation and analysis carried-out by MPH work resulted in the identification of high priority areas across the property and the selection of 7 target blocks for deep-penetrating airborne geophysical surveying. The 7 blocks were covered as part of a larger 5,992 line-km geophysical survey of De Beer's Uranium and Diamond permits at Baker Lake, which was completed in October.

In November 2006, UWE took over from Majescor as the technical operator of the Baker Lake Uranium project. The final airborne geophysical data are currently being analyzed by MPH and De Beers geophysicists in preparation for the design of the 2007 diamond and uranium exploration programs.

Banks Island, N.W.T. (Diamonds)

During the summer of 2006, Majescor and its joint-venture partner Diamonds North Resources Ltd ("Diamonds North"; the operator), conducted a 4,700 line-km airborne geophysical survey over a priority area on the Banks Island project, located on the east coast of Banks Island, in the Northwest Territories. The presence of indicator minerals with delicate primary surface features and the existence of G-10 and diamond-inclusion field eclogitic garnets, found in drainage catchment samples collected in 2004 and 2005 suggest some potential for diamond bearing kimberlites within the survey area.

In January of 2007, Majescor and Diamonds North announced that the airborne geophysical survey commissioned over Banks Island during the summer of 2006 had delineated 65 geophysical anomalies that may be caused by kimberlite intrusions. Seven of the targets are deemed of moderate to high priority interest, including one target estimated to be 12 hectares in size (300 x 400 meters). The 12-hectare target is defined by an obvious circular and by a well isolated, weak magnetic signature. A detailed ground magnetic survey will be completed over the target for confirmation prior to drilling.

Final target selection is currently underway in preparation for the first core-drilling program on the property expected in the summer of 2007.

Hardy Lake, NWT (De Beers Option - diamonds)

The detailed airborne geophysical survey which was to be carried-out over a priority area of the Hardy Lake property, located 350 km north-northeast of Yellowknife, in the Slave Craton, in December 2006, was cancelled because of unfavorable weather conditions.

In January 2007, following a review of its 2007 project programming priorities, Majescor advised De Beers Exploration of Canada Inc., the owner of the Hardy Lake property, that it elected to drop its option on the aforementioned property.

Upper Carp, N.W.T. (De Beers Option – diamonds)

In January 2007, following a review of its 2007 project programming priorities, and subsequent to a continued series of technical difficulties in proceeding with the planned exploration program on the Upper Carp, located about 150 km north of Yellowknife, in the Northwest Territories, Majescor advised De Beers Exploration of Canada Inc., the owner of the Upper Carp property, that it elected to drop its option on the aforementioned property.

Brazil

Braúna (Diamonds)

In November of 2006 Majescor and partner Vaaldiam Resources Ltd. (“Vaaldiam), the operator, completed a mini-bulk sampling program on the Braúna property, located immediately south of the town of Nordestina, in Bahia state. The property encompasses two northwest-trending kimberlite dike systems which have been traced by surface exploration over a strike length of approximately 15 kilometers.

Four small kimberlite pipes or “blows” have been discovered along the dike trend. During the fall of 2006 approximately 50 tonnes of kimberlite were collected from two of the pipes (Braúna 3 and Braúna 7) as part of a Pre-Evaluation Phase exploration program. The bulk samples were collected through a series of vertical shafts excavated from the saprolite facies below the 3 to 5 metre thick calcrete cover. Processing of the bulk kimberlite samples for diamond recovery started on November 22, 2006 at Vaaldiam’s mini-DMS plant located in Nordestina. The Mini-DMS plant has a processing capacity of between 1.5 and 2.0 tonnes of kimberlite per day.

On January 18, 2007 Majescor and Vaaldiam announced that 58 commercial-sized diamonds, weighing a total of 7.74 carats, had been recovered from 37.69 dry tonnes of kimberlite extracted from the southern lobe of the 1.7 hectare Braúna 3 pipe. The five largest stones recovered weigh 1.13, 0.56, 0.49, 0.46 and 0.43 carats, respectively. These results suggest a diamond grade of 20.54 cphr for the southern lobe of the Braúna 3 kimberlite pipe. Of the 58 diamonds recovered from the southern lobe of the Braúna 3 pipe, 12 diamonds with an average weight of 0.43 carats represent 66.7% of the total combined weight of the diamonds recovered. Based on a preliminary assessment, 24% of the diamonds recovered exhibit octahedral crystal shapes, while 47% are either dodecahedral or modified dodecahedral shapes. The remaining diamonds, representing 29% of the parcel are either flat or broken stones.

Approximately 14 tonnes of kimberlite remains to be processed from the northern lobe of the Braúna 3 pipe. An additional 50 tonnes of kimberlite from the 1.0 hectare Braúna 7 pipe has been collected and is currently being processed. As of January 20, 2007, a total of 22.05 dry tonnes of kimberlite from the South lobe of the Braúna 7 pipe had been processed. Final results for Braúna 7 are expected by early March 2007.

A total of 20 drums containing kimberlite core from Braúna 3 and Braúna 7 left Nordestina in January for delivery to SGS laboratories in Bello Horizonte, Minas Gerais state, in preparation for final delivery to SGS’s facility in Lakefield, Ontario. A further 4 drums of core were shipped to Rio Tinto’s laboratory facility in Brazilia. All Braúna core samples will be processed for microdiamond recovery using caustic fusion.

Current exploration plans for the Braúna property for 2007 call for a second, more comprehensive phase of bulk sampling at Braúna 3 and Braúna 7 to further confirm the diamond grades, additional delineation core drilling to support the calculation of Measured Resources, the construction of a larger capacity DMS facility together with selected bulk testing of other kimberlites occurrences within the property.

Braúna is Majescor's first diamond exploration project to reach the Resource Evaluation Phase.

Tres Marias (De Beers Option - diamonds)

In November 2006, Majescor conducted a first field inspection of the Tres Marias property located in Minas Gerais state, north of the city of Bello Horizonte. New geological data from De Beers archives in Brazilia were also obtained.

In January 2007 Majescor started a more comprehensive geological compilation of the complete Tres Marias database using Geographic Information System ("GIS") technology. The purpose of the work is to establish the basic parameters for the design of a reconnaissance ground exploration program to commence in 2007.

Majescor also proceeded with the renewal of 5 claims on the property (MG-5831, 5832, 5833, 5838 and 5839).

Madagascar

Acquisition of CREM properties

In October 2006, Majescor entered into an agreement with Calibra Resources and Engineers Madagascar S.A.R.L. ("CREM") for the acquisition of a 100% interest in four gold and base metal properties (Daraina-extension, Analalava, Ankaramy et Besakoa). The available technical data relating to the four properties was compiled and analyzed. Dr. C. Tucker Barrie, P. Geo., a well known expert in massive sulphide deposits, was also retained as senior technical advisor for the Besakoa project. The Besakoa property is host to a series of sulphide occurrences including the Besakoa polymetallic prospect, a historical copper-zinc-silver-gold occurrence with compositional similarities to the Bisha polymetallic deposit in Eritrea held by Nevsun Resources Ltd.

Majescor is currently proceeding with the second and final payment of cash and shares to CREM.

Ankarimbelo (Diamonds)

In September 2006, Majescor and its Malagasy joint-venture partner Madagascar Mining Development SARL ("MMD") conducted a limited stream sediment sampling program focusing on a priority area of the Ankarimbelo property, located in the southern part of the island. A bulk, 4.3m³ stream sediment sample was collected and hand-processed on site in preparation for the recovery of KIMs and diamonds. The bulk sample was taken near the site where the French Bureau de Recherches Géologiques et Minières ("BRGM") reported finding a diamond-like stone. The +1 mm size fraction of the heavy mineral concentrate extracted on site will be sent to an external laboratory for final processing. A second 4.6m³ stream sediment sample was collected 10 km upstream from the first sample and was processed on site using a small prospecting jig.

No kimberlite indicator minerals or diamonds were recovered from the heavy mineral concentrates extracted out of the two bulk stream sediment samples.

The Ankarimbelo property area is currently the target of a comprehensive diamond exploration program by Pan African Mining Corp. of Vancouver.

Besakoa (Gold; Silver; Base Metals)

In September 2006, Majescor conducted a reconnaissance survey of the Besakoa property aimed at assessing site accessibility conditions and collecting a first series of surface samples on the Main Besakoa showing. A total of 55 rock samples were collected from surface exposures during the survey. The analytical results confirmed the presence of anomalous gold, silver and copper values over a minimum 700m strike length at the main Besakoa prospect. Out of the 32 anomalous grab samples, 7 returned values in excess of 0.5 g/t gold and 5 g/t silver, including sample BSKR-10, which assayed 17.5 g/t gold and 9.8 g/t silver, and sample BSKR-7 which also contained 30.4% copper.

Site access and preparation work was performed on the Main Besakoa prospect in October and November in anticipation of a first core-drilling program on the property.

The first round of core drilling, aimed at confirming and upgrading the historical drill core data, was completed on January 7, 2007. Eight (8) holes (5 inclined and 3 vertical) were drilled and cored to a maximum depth of 78 meters. Core sections enriched in iron oxide, and/or iron, copper and zinc-bearing sulphides were observed in all drill holes. A total of 447 core split samples (includes duplicate and QC samples) representing 431 meters of drilling were collected and processed in preparation for geochemical analysis at ALS Chemex' laboratory in Johannesburg, South Africa.

A GIS-based compilation and analysis of recently obtained historical geochemical and core drilling data undertaken in January 2007 indicates the presence of additional surface geochemical anomalies within the Besakoa property with signatures comparable to the main Besakoa prospect. Limited surface geochemical sampling of other gossans was also conducted concurrent to the drilling.

The first lot of samples left Antananarivo for Johannesburg on January 20, 2007. Initial analytical results are expected by mid-February.

Daraina (Gold)

In August of 2006, Majescor announced the results from a reconnaissance surface sampling program carried-out on the Daraina property, located in the northern part of Madagascar. The presence of economic grades in surface rock samples (grab) was indicated by assays of up to 81.7 g/t gold and 21 g/t silver.

Current exploration plans for Daraina in 2007 call for additional GIS-based geological compilation work, systematic stream sediment sampling and soil geochemical surveying for precious and base metals, geological mapping and prospecting.

Financial Information

The following selected financial data is derived from the quarterly consolidated financial statements of the Company that were prepared in accordance with Canadian generally accepted principles:

Selected Consolidated Financial Information	Three Months Ended November 30, 2006	Three Months Ended November 30, 2005	Nine Months Ended November 30, 2006	Nine Months Ended November 30, 2005
Unaudited Consolidated Statements of Operations	\$	\$	\$	\$
Other income	-	228	1,225	156,693
Total general and administrative expenses	192,860	202,845	535,261	404,185
Write-down of mining properties sold or abandoned	-	526,009	43,826	926,958
Net loss	193,689	743,626	591,376	1,198,851
Basic and diluted net loss per common share	0.003	0.015	0.009	0.025
Weighted average number of common shares outstanding, basic and diluted	77,237,205	48,303,763	66,862,577	48,059,357
Unaudited Consolidated Statements of Mineral Properties				
Mining properties additions				
	1,141,905	337,477		
Unaudited Consolidated Statements of Cash Flows				
Cash flows from (used in) operating activities				(920,058)
Cash flows from (used in) investing activities				(1,431,957)

Cash flows from financing activities	1,288,726
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Net change in cash and cash equivalents	(1,063,289)
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	Three Months Ended November 30, 2006 (Unaudited) \$	Year Ended February 28, 2006 (Audited) \$
Consolidated Balance Sheets		
Cash and cash equivalents	2,073,799	1,149,157
Mining properties	6,280,956	4,658,399
Shareholders' equity	9,246,672	6,429,558
Total assets	9,519,393	7,289,491

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 November 30, 2006 is \$193,689 as compared to \$743,624 for November 30, 2005. This decrease is mostly due to lesser write-downs of mining properties sold or abandoned. (Nil in this period - \$526,009 recorded in 2005).

Total general and administrative expenses for the period were \$192,860 as compared to \$202,845 for November 30, 2005. Salaries and benefits were \$31,454 during this period as compared to \$5,114 during the same period in 2005. This increase is due to salaries paid to the new President of the Company.

Professional fees were \$11, 699 for this period, as compared to \$42,308 for the same period in 2005. This decrease is due to lesser legal fees than those paid in 2005 regarding the project of international properties spin-off that never materialized afterwards.

Quarterly information

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

Quarter Ended	Total Revenue	Net Loss	Net Loss per Common Share Basic and Diluted
30/11/2006	-	193,689	0.003
31/08/2006	13,994	251,148	0.004
31/05/2006	21,334	146,538	0.002
28/02/2006	101,782	2,271,137	0.040
30/11/2005	228	743,624	0.015
31/08/2005	105,576	117,971	0.002
31/05/2005	54,362	337,254	0.007
28/02/2005	29,758	109,168	0.002

Total revenue for the period is nil comparing to the previous quarters due to a reclassification of management fees invoiced to joint venture partners. During the period, these fees (\$22,267) were reclassified from revenues to management fees expenses (credit). In 2005, revenues were higher than in 2006 due to the gain realized on the sale of the Company's 60% interest in the Brauna property to Vaaldiam in August 2005 (\$100,044), the gain realized on the sale of Uranium property in May 2005 (\$47,120), and interest income realized on term deposits during the period ended February 28, 2005 (\$17,421).

Net loss was higher during the quarters ended November 30, 2005 and February 28, 2006 due important write-downs of mining properties sold or abandoned during those two periods (\$526,009 in November 30, 2006, and \$2,587.370 in February 28, 2006).

Liquidity

The Company's working capital stands at \$2,891,771 as at November 30, 2006, as compared to \$2,104,319 for November 30, 2005. The Company has no long term debt.

The Company's principal requirements for cash during 2007 will be administrative expenditures and deferred exploration expenditures. Direct exploration expenditures are expected to be in the order of \$3 million for the next six months and administrative expenditures are following the same path as in 2006. On this basis, the Company raised \$2.4 million through many recent private placements. These funds are not sufficient to meet its planned exploration and administration expenditures and the Company will have to raise additional funds.

Capital Resources

During the period, the Company closed a private financing for net proceeds of \$1,277,158. This money is to be used for financing its projects in Canada and its general and administrative expenditures during the year 2007. In December 2006, the Company closed a non-brokered private placement of 5,500,000 flow through shares at a price of \$0.16 per share, for total proceeds of \$880,000. The gross proceeds of the private placement will be used for general corporate purposes.

In December 2006, the Company closed a non-brokered private placement totalling \$150,000 with **Sodémex II**. The gross proceeds of the private placement will be used for general corporate purposes.

In January, the Company closed a non-brokered private placement totalling \$150,000 with **SIDEX**. The gross proceeds of the private placement will be used for exploration work on the Mirabelli property in Quebec.

Off Balance Sheet Arrangements

As of November 30, 2006 the Company has no off balance sheet arrangements.

Related Party Transactions

Related party transactions not disclosed elsewhere in these interim consolidated financial statements are as follows:

Under an agreement between the Company and Everton Resources Inc., the Company reimburses the cost of shared salaries & benefits, rent and office expenses paid by Everton Resources Inc. (which shares a common CFO and Directors). Included in accounts payable is \$63,617 due to Everton Resources Inc. (\$132,460 as at February 28, 2006).

Under an agreement between the Company and its joint venture partner Forest Gate Resources Inc. (which share a common Director), the Company is the operator for Portage project. All exploration expenditures incurred on the project and paid by the Company are recovered from Forest Gate Resources Inc. in addition to 5%-10% management fees on these expenditures. Included in amount due to operators is \$59,765 due to Forest Gate Resources Inc. (\$521,312 in accounts receivable as at February 28, 2006).

Under a joint venture agreement between the Company and Uranium World Energy Inc. (in which the Company detains a participation and shares a common Director), the Company is the operator for Uranium project. All exploration expenditures incurred on the project and paid by the Company are recovered at cost from Uranium World Energy Inc. Included in accounts receivable is \$320,872 due from Uranium World Energy Inc. (Nil as at February 28, 2006).

Under an agreement between the Company and Orezone Resources Inc. (which shares a common Director), the Company shared an investigation of projects in Africa. Included in accounts receivable is \$10,000 due from Orezone Resources Inc. to reimburse expenses incurred for this mission at cost. Also, during the period, the Company paid nil (2005- \$9,700) for shared office rental to Orezone Resources Inc.

Under an agreement between the Company and one of its Directors, the Company paid \$1,000 (2005-\$5,000) in consulting fees.

Mining Property Book Values

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-downs were deemed necessary during the period ended October 31, 2006, as compared to \$526,009 during the period ended November 30, 2005.

Changes in Accounting Policies

There were no changes made to accounting policies during the year.

Outstanding Share Data

Common shares and convertible securities outstanding at January 25, 2006 are as follows:

Securities	Expiry date	Exercise price	Securities outstanding
Common shares	-	-	91,597,095
Warrants	Up to December 04, 2008	\$0.15 to \$0.45	17,285,706
Options	Up to November 20, 2011	\$0.15	3,823,162

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 arising from these financial instruments. The fair market value of these instruments approximates their carrying value.

Risk and uncertainties

Exploration of minerals and development of mining 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 diamonds and 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

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.

Management dependence

The Company's activities are managed by a very small number of key individuals who are intimately familiar with its operation. The market for experienced mining personnel is currently very competitive and the Company's ability to replace highly qualified personnel cannot be assured. At present, the Company does not maintain any key man life insurance.

Critical accounting estimates

Preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that can affect the reported amounts of assets, liabilities, expenses. The most critical accounting estimates made by the Company relate to whether or not to write off the carrying value of deferred exploration expenditures with respect to individual properties. The carrying value of mineral exploration properties, and deferred exploration costs with respect thereto, are the Company's largest assets. Decisions on whether the carrying value of individual properties is greater than the future expected return from the property are based on a large amount of empirical geotechnical data, external financial and political considerations and the competitive environment with respect to the specific property. While the Company re-evaluates its estimates and assumptions on a regular basis, actual amounts may differ from those based on estimates and assumptions.

Subsequent events

- In December 2006, the Company closed a non-brokered private placement of 5,500,000 flow through shares at a price of \$0.16 per share, for total proceeds of \$880,000. The flow-through shares issued pursuant to the Offering are subject to a four month hold period expiring on April 29, 2007. A finder's fee was paid to Desjardins Securities.

- In December 2006, the Company closed a non-brokered private placement totalling \$150,000 with Sodémex II, a limited partnership sponsored by the Caisse de dépôt et placement du Québec. The gross proceeds of the private placement will be used for general corporate purposes.

In total, the Company issued 1,153,846 common shares at a price of \$0.13 per share and 1,153,846 warrants, each warrant entitling Sodémex II to purchase one additional common share of the Company at a price of \$0.20 per share until December 4, 2008. The securities issued pursuant to the private placement are subject to a four-month hold period expiring on April 5, 2007.

- In December 2006, the Company appointed Raymond Chabot Grant and Thornton as new Auditor of the Company.

- In January 2007, the Company closed a non-brokered private placement totalling \$150,000 with SIDEX. The Diversification of Exploration Investment Partnership (SIDEX Limited Partnership) was established by the Government of Quebec and the Solidarity Fund QFL. The gross proceeds of the private placement will be used for exploration work on the Mirabelli property in Quebec.

The private placement, which is scheduled to close on Thursday, January 25, 2007, consists of a \$150,000 unsecured convertible debenture with a conversion price of \$0.17 per unit. Each unit is composed of one common share and one share subscription warrant entitling the owner to subscribe to one common share of the Company for 24 months at a price of \$0.20. The term of the unsecured convertible debenture is 24 months, the interest rate is 12% nominal, payable twice a year in cash or in shares, and is subject to TSX Venture Exchange approval.

- In January 2007, the Company decided to drop two projects : Hardy Lake and Upper Carp Lake as they no longer fit the Company's development strategy. The total cost of these two projects included in mineral properties is \$1,338,357 as at November 30, 2006.

Additional information and continuous disclosure

This Management's Discussion and Analysis has been prepared as of January 26, 2007. Additional information on the company is available through regular filings of press releases, financial statements and its annual information form on SEDAR (www.sedar.com).

(s) André Audet
Director

(s) Marc Carbonneau
Chief Financial Officer