ALDRIDGE MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Form 51-102F1

For the three months and nine months ended August 31, 2006

Dated October 30, 2006

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of Aldridge Minerals Inc. ("Aldridge," the "Company") should be read in conjunction with the audited financial statements of Aldridge Minerals Inc. and the notes thereto for the year ended November 30, 2005. In this MD&A, unless the context otherwise dictates, a reference to the Company refers to Aldridge. Unless stated otherwise, all financial amounts are expressed in Canadian dollars. The effective date of this MD&A is October 30, 2006.

Additional information about Aldridge Minerals Inc. is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

1. Overview

Aldridge was incorporated in the Canadian province of British Columbia on June 6, 1994 and is in the business of the location, acquisition, exploration and, if warranted, development of mineral properties. The Company's exploration efforts are focused on the exploration and development of properties in Turkey. Primarily to hold licenses, but also to operate in Turkey, Aldridge incorporated a 100 % owned subsidiary (Aldridge Mineral Madencilik Ltd. Şti.) in Ankara, Turkey in late June 2005.

The Purchase & Sale Agreement with BHP Billiton ("BHPB"), stating that Aldridge has earned a 60% interest in the Olucak and Derinkoy mineral properties in North East Turkey has been finalized and signed on January 27, 2006, and has been previously announced in the Aldridge news release from February 3, 2006. The Purchase & Sale Agreement further stipulates that Aldridge, in return for the remaining 40% interest in the Olucak and Derinkoy properties, shall grant a 1.5% net smelter return royalty and issue 250,000 common shares of Aldridge to the Turkish subsidiary of BHPB. The 250,000 shares were issued on February 16, 2006, and Aldridge held a 100% interest in both properties via Aldridge's Turkish subsidiary.

Yenipazar Au-Ag-Cu-Zn-Pb property

A new drilling round for 7,000-8,000 m at Yenipazar was prepared during May and June 2006. Part of this preparation involved a geo-electrical program (IP) for detection of chargeable and resistive units in the ground. In particular, accumulations of sulphides as encountered in the Yenipazar mineralization yield high chargeability levels. Cross-sections obtained via IP indicate two new targets. One target lies in northern prolongation of the drilled ore body, and the other target lies about 4 km to the northwest. Both have strong chargeabilities and may yield further sulphide mineralization.

Despite the tight situation on the market for RC drill rigs in Turkey and elsewhere, Aldridge managed to acquire one rig to start drilling by early July 2006. However, after 5 holes were drilled, it became evident that technical problems prevented the rig from drilling deeper than about 80-100 m. Because 2 holes stopped in mineralization, and the technical problem could not be solved, Aldridge decided to suspend the operation until a new rig was found. Drilling at Yenipazar will be resumed in late October 2006, with infill drilling on a 40 x 40 m grid to at least partly define an indicated resource. Further holes will be drilled on the identified geophysical targets.

On July 21, 2006, Aldridge signed a strategic alliance and option agreement ("Agreement") with Anatolia Minerals Development Ltd. and its Turkish subsidiary (collectively: "Anatolia") for exploration and development of the Yenipazar Au-Ag-Cu-Pb-Zn VMS deposit in central Turkey. The Agreement amends and restates the previous agreement with Anatolia on the Yenipazar property. Under the terms of the Agreement, and supplementary to earn-in conditions spelled out in the previous agreement, Aldridge has the opportunity to earn 100 % title to the Yenipazar property for payment of 250,000 common Aldridge shares. Further, Aldridge shall pay Anatolia a 6 % net proceeds interest (NPI: revenue less operational cost) until revenues from the Yenipazar operation reach the amount of US$ 165,000,000. If revenues exceed the amount of US$ 165,000,000, the NPI increases to 10 % on the amount in excess of US$165,000,000.

New technology for detection of elements at low ppm-level in the field

Aldridge used the short drill campaign at Yenipazar in July 2006 to test an innovative geophysical device that can read metallic element concentrations to low ppm levels. The test showed that the device can read a number of elements, including gold and silver, to partly low- and sub-ppm levels, but that further work is necessary to fine-tune the incoming signals. In particular, the size and shape of the device have to be re-considered to be practicably applicable in drill programs and field exploration. Because a device, which can read precious and a number of other metals in the field, would be highly desirable for world-wide exploration purposes, Aldridge's geophysical partners will re-build the device, to be tested in the forthcoming field season on the Yenipazar and other projects. Aldridge expects that this version would represent a prototype for world-wide marketing, wherein Aldridge will have the exclusive rights.

Farm-out of Derinkoy Au-Ag property

Both of Aldridge's gold-silver exploration projects, Olucak and Derinkoy, were offered to other companies for farm-in. The Derinkoy property was farmed out to Northfield Inc. on July 1, 2006. Northfield is a junior explorer that seeks a listing on the TSX, and Derinkoy represents Northfield's key asset for that purpose. Pursuant to the Agreement, Northfield has been granted an option to acquire up to a 75% interest in Derinkoy by: a) funding not less than CDN $3,000,000 in aggregate exploration related costs on Derinkoy by the fourth anniversary of the closing date of the Agreement ("Closing") of which: i) at least $250,000 shall have been expended by the first anniversary of the Closing, ii) at least $1,000,000 (inclusive of year one amounts) shall have been expended by the second anniversary of the Closing, iii) at least $2,000,000 (inclusive of year one and two amounts) shall have been expended by the third anniversary of the Closing, and iv) at least $3,000,000 (inclusive of year one, two and three amounts) shall have been expended by the fourth anniversary of the Closing; and b) issuing 2,000,000 Post Consolidation Shares to Aldridge as follows: i) 500,000 Post Consolidation Shares after receipt of all necessary regulatory approvals, ii) 500,000 Post Consolidation Shares by the first anniversary of Closing, iii) 500,000 Post Consolidation Shares by the second anniversary of Closing and iv) 500,000 Post Consolidation Shares by the fourth anniversary of Closing. Northfield has the right and option to earn a 51% undivided interest in the Derinkoy by satisfying the requirements up to and including year three (i.e. $2,000,000 in expenditures), and issuing 1,500,000 Post Consolidation Shares to Aldridge. An additional 500,000 Post Consolidation Shares (i.e. 2,000,000 in the aggregate) and an additional $1,000,000 in expenditures (i.e. $3,000,000 in the aggregate) on or before the fourth anniversary of Closing would be required in order to satisfy the requirements to earn an additional 24% interest in the Derinkoy and increase Northfield's interest in the Derinkoy from 51% to 75%. The completion of the Agreement is subject to the receipt of all necessary regulatory approvals.

The Olucak property was reviewed by a number of companies, but no agreement on farm-in conditions could be reached so far.

Nickel

Pursuant to its strategy of acquiring exploration ground with potential for lateritic nickel mineralization, Aldridge acquired two licences in western Turkey (Ayranci and Gurlek). Both are just 10 km apart, located about 160 km east of the advanced large Caldag nickel laterite project, in western Turkey. Historical data (not Ni-43-101-compliant) indicate the presence of nickel mineralization on both properties. Seven rock grab samples were taken for a first orientation at Gurlek, with results of 0.26-8.1 % Ni. Further exploration work is not planned for this year, as more licences are currently acquired. For the field season of 2007, Aldridge will develop a program to adequately explore its then complete portfolio of nickel exploration properties.

The general business strategy of the Company is to acquire mineral properties either directly or through the acquisition of operating entities. The continued operations of the Company and the recoverability of mineral property costs and any related deferred costs is dependent upon the existence of economically recoverable mineral reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production from the properties or proceeds from the disposition thereof. The Company has incurred recurring operating losses and requires additional funds to meet its obligations and maintain its operations. Management's plans in this regard are to raise equity financing as required.

The Company has not generated any operating revenues to date. Interest earned on excess cash is incidental income.

2. Results of Operations

For the three-month period ended August 31, 2006 ("Q3 2006"), the Company incurred a net loss from operations of $578,440 or loss per share of $0.05, compared to a loss of $215,748 or loss per share of $0.03 for the three months ended August 31, 2005 ("Q3 2005").

General and administrative expenses in Q3 2006 include legal fees of $19,812 which were incurred for a number of items including general corporate matters, finalizing various agreements with BHP, and the development of a strategic alliance and option agreement with Northfield Inc. regarding the Derinkoy Property. $35,801 of filing fees, sponsorship fees, transfer agent fees, and other shareholder information costs were incurred pertaining to ongoing monthly fees, the issuance of shares regarding the mineral property acquisition as well as costs associated with the private placement which was finalized on August 31, 2006.

Travel and promotion costs of $11,064 were incurred by the directors and consultants for various trips related to management issues and potential acquisitions. This included attendance at the Annual General Meeting and other meetings in Vancouver.

During Q3 2006, the cost of salaries and benefits paid to the President totaled $14,478 and management fees of $4,355 were paid to a director. During Q3 2006, the Company capitalized to the Yenipazar mineral property, $11,635 of management fees paid to a director and the Company capitalized to the Derinkoy mineral property $5,818 of management fees paid to a director.

A foreign exchange loss of $2,774 was experienced by the company in Q3 2006 due to the level of U.S. dollars held by the company over the three months and the fluctuations of the Canadian Dollar in relation to the U.S. Dollar during that quarter.

On July 31, 2006 170,000 stock options were granted to directors of the company and 77,000 stock options were granted to consultants of the company. $411,000 was recorded as stock based compensation with regard to these stock options.

During Q3 2006, the Company incurred $1,042,718 (Q3 2005 – $239,632) in exploration expenditures, property development and examination expenditures, and mineral property acquisition costs. These are summarized as follows:

Resource properties	**Balance May 31 2006 $**	**Additions Q3 2006 $**	**Write-down Q3 2006 $**	**Balance August 31 2006 $**
Turkey				
Derinköy and Olucak Properties	1,439,156	53,573	-	1,492,729
Yenipazar Property	823,293	774,070	-	1,597,363
Nickel Properties	-	215,075	-	215,075
	2,262,449	1,042,718	-	3,305,167

Derinköy and Olucak Properties

On December 8, 2002 the Company had entered into an option agreement with an optionor (who subsequently became and currently is a director of Aldridge) to obtain up to a 100% interest in the Derinköy and Olucak Properties. As part of this agreement the Company agreed to assume the underlying obligations of an agreement the optionor had with BHBP for those properties. As consideration for the option agreement Aldridge agreed to issue common shares to the optionor over various stages of Aldridge earning the option interest. On April 24th, 2006 the company issued 600,000 common shares as part of the option agreement. The agreement stipulated that 400,000 shares were to be issued into escrow upon the completion of the company's earning a 60% interest from BHBP for the properties and 200,000 shares were to be issued upon the Aldridge achieving certain results of drilling programs to be undertaken on the properties. Cash expenditures of $38,275 were made regarding the Derinkoy Property during the three months ended August 31, 2006. Cash expenditures of $15,298 were made regarding the Olucak Property during the three months ended August 31, 2006.

As announced on July 14, 2006 Aldridge has entered into a strategic alliance and an option agreement with Northfield Inc. granting Northfield Inc. an option to acquire up to 75% of Aldridge's Derinkoy Property.

Yenipazar Property

Cash expenditures of $189,972 were made regarding the Yenipazar Property during the three months ended August 31, 2006. On July 21, 2006, Aldridge signed a strategic alliance and option agreement ("Agreement") with Anatolia Minerals Development Ltd. and its Turkish subsidiary (collectively: "Anatolia") for exploration and development of the Yenipazar Au-Ag-Cu-Pb-Zn VMS deposit in central Turkey. The Agreement amends and restates the previous agreement with Anatolia on the Yenipazar property. Under the terms of the Agreement, and supplementary to earn-in conditions spelled out in the previous agreement, Aldridge has the opportunity to earn 100 % title to the Yenipazar property for payment of 250,000 common Aldridge shares. These shares were issued at a value of $580,000. Under the terms of an agreement signed in 2004 and subject to performance during this year, in December 2006, 25,000 shares are to be issued to consultants involved with the exploration and property development of the Company's Yenipazar Property.

For further details regarding the Company's mineral exploration properties, please refer to Note 3 in the audited Financial Statements of Aldridge Minerals Inc. and the notes thereto for the year ended November 30, 2005.

<u>Nine months ended August 31, 2006</u>

For the nine-month period ended August 31, 2006 ("Fiscal 2006"), the Company incurred a net loss from operations of $849,441 or loss per share of $0.07, compared to a loss of $424,511 or loss per share of $0.06 for the nine months ended August 31, 2005 ("Fiscal 2005").

General and administrative expenses in Fiscal 2006 include legal fees of $106,554 were incurred for a number of items including general corporate matters, the completion of a private placement of 1,175,756 common shares and 1,175,756 share purchase warrants in January 2006, the completion of another private placement of 1,512,000 common shares and 1,512,000 share purchase warrants in August 2006, the purchase of the remaining interest in the Derinkoy and Olucak Properties, the annual general meeting held on May 10, 2006, and the development of a strategic alliance and option agreement with Northfield Inc. regarding the Derinkoy Property. $67,224 of filing fees, sponsorship fees, transfer agent fees, and other shareholder information costs were incurred pertaining to ongoing monthly fees, the issuance of shares under the two private placements, the issuance of shares regarding the mineral property acquisition as well as costs associated with the annual general meeting and various information packages mailed regarding the annual general meeting and the audited financial statements for the year ended November 30, 2005.

Travel and promotion costs of $26,612 were incurred by the directors and consultants for various trips related to management issues and potential acquisitions. These included mineral conferences in Vancouver Canada and Istanbul Turkey as well as attendance at the Annual General Meeting held on May 10, 2006.

During Fiscal 2006, the cost of salaries and benefits paid to the President totaled $38,609 and management fees of $13,429 were paid to a director. During Fiscal 2006, the Company capitalized to the Yenipazar mineral property, $39,897 of management fees paid to a director and the Company capitalized to the Derinkoy mineral property $11,574 of management fees paid to a director.

A foreign exchange loss of $20,520 was experienced by the company in Fiscal 2006 due to the level of U.S. dollars held by the company over the nine months and the appreciation of the Canadian Dollar in relation to the U.S. Dollar during that nine month period.

During Fiscal 2006, the Company incurred $2,344,924 (Fiscal 2005 – $344,110) in exploration expenditures, property development and examination expenditures, and mineral property acquisition costs. These are summarized as follows:

Resource properties	**Balance November 30 2005 $**	**Additions Q3 2006 $**	**Write-down Q3 2006 $**	**Balance August 31 2006 $**
Turkey				
Derinköy and Olucak Properties	392,900	1,099,829	-	1,492,729
Yenipazar Property	567,343	1,030,020	-	1,597,363
Other Early Stage Properties	-	215,075	-	215,075
	960,243	2,344,924	-	3,305,167

Derinköy and Olucak Properties

On February 17th, 2006 the company issued 250,000 common shares as part of the agreement with BHBP to acquire the remaining 40% interest in the Derinköy and Olucak Properties, which it did not own previously. The issuance of the 250,000 shares has been recorded as $362,500.

On December 8, 2002 the Company had entered into an option agreement with an optionor (who subsequently became and currently is a director of Aldridge) to obtain up to a 100% interest in the Derinköy and Olucak Properties. As part of this agreement the Company agreed to assume the underlying obligations of an agreement the optionor had with BHBP for those properties. As consideration for the option agreement Aldridge agreed to issue common shares to the optionor over various stages of Aldridge earning the option interest. On April 24th, 2006 the company issued 600,000 common shares as part of the option agreement. The agreement stipulated that 400,000 shares were to be issued into escrow upon the completion of the company's earning a 60% interest from BHBP for the properties and 200,000 shares were to be issued upon the Aldridge achieving certain results of drilling programs to be undertaken on the properties. The issuance of the 600,000 shares has been recorded as $678,000. As well, cash expenditures of $44,031 were made regarding the Derinkoy Property and cash expenditures of $15,298 were made regarding the Olucak Property during the nine months ended August 31, 2006.

As announced on July 14, 2006 Aldridge has entered into a strategic alliance and an option agreement with Northfield Inc. granting Northfield Inc. an option to acquire up to 75% of Aldridge's Derinkoy Property.

Yenipazar Property

On January 12, 2006, the company issued 50,000 common shares to consultants involved with the exploration and property development of its Yenipazar Property under the terms of an agreement signed in 2004. The issuance of the 50,000 shares has been recorded as $43,500. On July 21, 2006, Aldridge signed a strategic alliance and option agreement ("Agreement") with Anatolia Minerals Development Ltd. and its Turkish subsidiary (collectively: "Anatolia") for exploration and development of the Yenipazar Au-Ag-Cu-Pb-Zn VMS deposit in central Turkey. The Agreement amends and restates the previous agreement with Anatolia on the Yenipazar property. Under the terms of the Agreement, and supplementary to earn-in conditions spelled out in the previous agreement, Aldridge has the opportunity to earn 100 % title to the Yenipazar property for payment of 250,000 common Aldridge shares. These shares were issued at a value of $580,000. 25,000 additional shares are to be issued in December 2006 subject to performance during the year. In addition, cash expenditures of $397,390 were made regarding the Yenipazar Property during the nine months ended August 31, 2006.

3. Summary of Annual and Quarterly Results

Selected Quarterly Information:

The following tables summarize information derived from the Company's financial statements for each of the eight most recently completed quarters:

Aldridge Minerals Inc.
Statement of Loss and Deficit

Quarter ended Year	**August 31 2006 $**	**May 31 2006 $**	**Feb 28 2006 $**	**Nov 30 2005 $**	**Aug 31 2005 $**	**August 31 2005 $**	**Feb 28 2005 $**	**Nov 30 2004 $**
(i) Net sales ($000s)	-	-	-	-	-	-	-	-
(ii) Net income (loss)								
(i) in total	(578,440)	(118,490)	(152,511)	(1,071,424)	(215,748)	(196,222)	(12,541)	(89,548)
(ii) per share	(0.05)	(0.01)	(0.01)	(0.13)	(0.03)	(0.03)	(0.00)	(0.03)

- Net income (loss) from continuing operations is identical to total net income (loss) for each quarter listed.
- Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive
- The company has no history of declaring dividends

Selected Annual Information:

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars.

	As at November 30,		
	2005	**2004**	**2003**
	$	**$**	**$**
Cash	138,311	101,117	54,820
Other current assets	27,486	6,781	10,823
Mineral properties	960,243	288,798	39,906
Total assets	1,126,040	396,696	105,549
Current liabilities	91,850	22,607	274,183
Shareholders' equity	1,034,190	374,089	(168,634)
Total shareholders' equity and liabilities	1,126,040	396,696	105,549

	For the years ended November 30,		
	2005	**2004**	**2003**
	$	**$**	**$**
Net sales or total revenue ($000s)	-	-	-
Net income (loss)			
(i) in total	(1,495,935)	(274,777)	(144,206)
(ii) per share	(0.19)	(0.10)	(0.07)

- Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive

4. Liquidity and Capital Resources

The Company's exploration properties have not commenced production and the Company has no history of earnings or cash flow from its operations. Aldridge currently finances its activities primarily by the private placement of securities. There is no assurance that equity funding will be accessible to the company at the times and in the amounts required to fund the Company's activities. There are many conditions beyond the Company's control which have a direct bearing on the level of investor interest in the purchase of Company securities. The Company may also attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its properties; however, there is no assurance that any such activity will generate funds that will be available for operations.

Debt financing has not been used to fund the Company's property acquisitions and exploration activities, and the Company has no current plans to use debt financing. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives. The Company has no agreements or understandings with any person as to additional financing.

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations and Deficit and note 3 "Interest in Mineral Properties" contained in its audited Financial Statements for the year ended November 30, 2005, copies of which are filed on the SEDAR website accessible at www.sedar.com.

Cash and Financial Conditions:

At August 31, 2006, the Company had cash and cash equivalents of $3,065,478 (2005 – $529,343), working capital balance of $3,005,813 (2005 – $476,314) and an accumulated deficit of $5,891,417 (2005 – $3,970,552) respectively. Total liabilities at August 31, 2006 were $84,441 (2005 – $58,652), an increase of $25,789 from August 31, 2005.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable 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 the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Investing Activities:

During the nine months ended August 31, 2006, investing activities consisted of expenditures on resource properties of $2,344,924 (2005 – $344,110), of which $671,794 were cash expenditures, $9,130 was non-cash, and the balance was the issuance of 1,150,000 shares.

Financing Activities:

During the nine month period ended August 31, 2006, 115,000 (2005 – 1,316,710) common shares were issued on exercise of warrants for proceeds of $97,000 (2005 – $272,017); 1,175,756 common shares and 1,175,756 warrants were issued for proceeds of $1,293,332 in connection with a private placement completed in January 2006 and 41,200 common shares and 41,200 warrants were issued for fees with a value of $34,608. $305,697 of the proceeds was credited to contributed surplus. The 1,216,956 warrants issued entitle the holder to purchase one additional common share at a price of $1.29 per share up to February 1, 2008. 1,512,000 common shares and 1,512,000 warrants were issued for proceeds of $2,721,600 in connection with a private placement completed in August 2006 and 100,800 common shares and 100,800 warrants were issued for fees with a value of $181,440. $665,280 of the proceeds was credited to contributed surplus. The 1,612,800 warrants issued entitle the holder to purchase one additional common share at a price of $2.00 per share up to August 31, 2008. On February 17, 2006, Aldridge issued 250,000 common shares to BHPB to acquire its remaining interest in the Derinköy and Olucak Properties. On August 08, 2006, Aldridge issued 250,000 common shares to Anatolia under an agreement to acquire its remaining interest in the Yenipazar Property. On January 12, 2006, the Company issued 50,000 common shares to consultants involved with the exploration and property development of its Yenipazar Property. On April 24, 2006 the Company issued 600,000 common shares to a director pursuant to a December 2002 option agreement for the purchase of the Derinkoy and Olucak Properties.

In the period subsequent to August 31, 2006, 1,599,695 share purchase warrants have been exercised for total proceeds of $344,464. As well in the period subsequent to August 31, 2006, 370,000 stock options have been granted to directors, officers and consultants of the company.

5. Critical accounting estimates and accounting policies:

The preparation of the Company's financial statements requires the Company to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenues and expenses. The Company's accounting policies are described in Note 2 to its November 30, 2005 financial statements. The Company's accounting policies relating to investment in mineral properties and deferred costs are critical accounting policies that are subject to estimates and assumptions regarding future activities.

All direct costs, net of pre-production revenue, relative to the acquisition of mineral rights and concessions, exploration for and development of the Company's exploration properties are capitalized to the extent that future cash flow from mineral reserves equal or exceeds the costs deferred. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Once commercial production has commenced, the net deferred costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties or where mineral rights expire is charged to operations. As at August 31, 2006 and November 30, 2005, the Company did not have proven reserves. Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities.

Generally accepted accounting principles require the Company to consider at the end of each accounting period whether or not there has been an impairment of the capitalized investment in mineral properties. This assessment is based on whether factors that may indicate the need for a write-down are present. If the Company determines there has been impairment, then the Company would be required to write-down the recorded value of its investment in mineral properties which would reduce the Company's earnings and net assets.

There were no changes to the Company's accounting policies.

7. Related Party Transactions:

During the nine month period ended August 31, 2006, the Company incurred management fees of $64,900 with a director. Of this amount, $13,429 was charged to the statement of operations and $51,471 was capitalized to mineral properties. As well, directors fees of $24,673 were incurred for three directors and salaries and benefits of $38,609 were incurred for the President. Of the total stock based compensation incurred during the nine month period ended August 31, 2006, $295,000 was for directors. At August 31, 2006, included in accounts payable and accrued liabilities were amounts owing to directors of the Company totaling $8,000.

8. Off-balance Sheet Arrangements and Contractual Obligations:

The Company does not have any off-balance sheet arrangements that are likely to have or are reasonably likely to have a material current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in the Company's financial statements.

Additional disclosure concerning the Company's contractual obligations is provided in Note 3 "Interest in Mineral Properties" contained in its audited Financial Statements for the year ended November 30, 2005, copies of which are filed on the SEDAR website accessed through www.sedar.com.

9. Market Risk Disclosures:

The Company has not entered into derivative contracts either to hedge existing risks or for speculative purposes.

10. Share Capital Data:

Disclosure concerning the Company's outstanding share capital, warrants and options is provided in Note 4 "Share Capital" contained in its audited Financial Statements for the year ended November 30, 2005 as well as its interim Financial Statements for the nine month period ended August 31, 2006, copies of which are filed on the SEDAR website accessed through www.sedar.com.

11. Approval:

The Board of Directors of the Company has approved the disclosure contained in this MD&A.