

NFX GOLD INC.
(the “Company”)

FORM 51-102F1
MANAGEMENT’S DISCUSSION & ANALYSIS

Date

This MD&A is dated April 29, 2008 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007.

Overall Performance

The Company is engaged in the acquisition and exploration of properties with the potential for gold and other mineral commodities. The Company, either directly or through joint venture partnership, holds interests in gold exploration properties in Ontario, Canada and exploration properties in Quebec, Canada.

Larder Lake Properties and Maximus Ventures Ltd. Option and Joint Venture

The Company’s primary holdings consist of a 100% interest in 64 patented mining claims, 1 claim for surface rights and 4 licenses of occupation (underlain by water) covering 1,751 hectares in McVittie and McGarry Townships, within the Larder Lake gold mining district, located in northeastern Ontario. The Company’s gold property, the Larder Lake Properties are in the exploration stage. The Larder Lake Properties are comprised of five contiguous properties, namely the Barber Larder, Bear Lake, Cheminis, Cheminis North and Fernland properties.

The Company and Maximus Ventures Ltd. (“Maximus”) (TSX-V: MXV) are currently in the final year of a Joint Venture Option Agreement (the “Agreement”) on the Larder Lake Properties. The Agreement provides Maximus with a right to acquire a 60% interest in the Company’s interest at the Cheminis, Fernland, and Bear Lake claims and 45% interest in the Company’s Barber Larder claims by expending \$6 million on exploration by December 31, 2008. Should Maximus default or fail to make any of the expenditures, Maximus will be permitted 60 days to remedy such default, failing which Maximus will forfeit any rights the Agreement shall be terminated.

Twenty-three diamond drill holes (11,994 metres (m)) were completed in 2006. A significant portion of the 2006 drill program focused around the old Cheminis and Fernland mines. Results from this initial program confirm the presence of historically identified resources in several zones at each of the mines with some potential to extend resources. In addition to the historically identified zones, several of the 2006 drill hole intersections occurred in parallel structures to those hosting the historically known zones. The historical zones at Cheminis deserve additional work to delineate the full extent of the resources and possible smaller high grade shoots within them.

In 2007, Maximus continued drilling to investigate the potential along the relatively unexplored parallel structures with indicated mineralization, one of which appears to control mineralization at the now-closed Kerr Addison mine (approximately 11 million ounces of gold produced at a grade of 0.29 oz/t) located 2 kms to the east of the project property boundary. These parallel potential flow ore and carbonate ore units have been identified from 2005 and 2006 drilling on the property and offer significant exploration potential.

The 2008 exploration program consists of a planned \$3.75 million, 43,000 m follow-up diamond drilling program which is ongoing at the Larder Lake Properties. The 2008 drilling program includes a minimum of 39 holes totalling 34,000 m, spaced 125 to 150 m apart at Bear Lake in order to delineate the higher-grade lenses occurring within the gold zone. In addition, 5,000 m of drilling will test the down-plunge extension of the

Ferland gold zone and approximately 4,000 m of additional drilling is planned to test newly interpreted targets on the Larder Lake Properties along relatively unexplored parallel structures characterized by altered iron-rich rock units similar to those that controlled the high grade gold mineralization at the Kerr Addison mine. In addition, the 2007 and historic shallow drilling results from Barber Larder are currently being evaluated. Similar lower grade gold intersections to those that led to the discoveries of the high grade gold zones at Bear Lake and Ferland are being identified on the Barber Larder for follow-up drilling in 2008.

Currently, the exploration program for 2008 is budgeted for \$3.75 million. After Maximus spends the initial \$2.25 million to complete exploration expenditures totaling \$6 million required to vest their interest in the Larder Lake Properties, the Company will be required to fund 40% of subsequent exploration expenditures, which would amount to \$600,000 pursuant to the budgeted exploration program for 2008.

Bear Lake Gold Zone

On August 15, 2007, the Company and Maximus announced the discovery of two new high-grade gold zones at the Larder Lake Properties. Hole NFX07-11 cut an average of 10.4 g/t gold over 5.2 m at a hole depth of 587m in the carbonate ore type, followed by 8.0 g/t gold over 10.2 m at a hole depth of 667 m in flow-type ore. Based on the assay results from holes NFX07-7 to NFX07-11, all drilled within a 600 m stretch of the Bear Lake fault, it appears that the fault acted as a major gold mineralization conduit.

Both high-grade gold zones intersected in hole NFX07-11 occur within altered high-iron mafic and/or ultramafic volcanic rocks locally cut by albitized dykes. These rock types are the typical host to significant gold deposits at the nearby Kerr-Addison Mine and other historic and current gold producers in the region. The presence of the albitized dykes is a newly recognized feature on the Larder Lake Property. The occurrence of these dykes has only been identified thus far, in the high-grade "Flow-Ore" shoots at the Kerr-Addison Mine located some 6 km to the east.

Holes NFX07-7, NFX07-8 and NFX07-10, were all drilled on strike within 400 m from hole NFX07-11, and encountered the same rock units as in hole NFX07-11. Although highly anomalous in gold, the host rocks in these holes are less altered and contain less sulphides, suggesting a significant enrichment of gold content towards the Bear Lake Fault Area, which could have acted as a conduit for gold-rich mineralizing fluids.

Hole NFX07-15 at Bear Lake reported November 1, 2007, intersected mineralization occurring in a wider zone of the favourable "flow-ore" horizon that grading 3.9 g/t gold over 10.7 m. Although lower grade than NFX07-11, the length times grade indicator for the wider zone of mineralization adds confidence the zone is continuous down-plunge.

On December 20, 2007, the Company reported results from two more follow-up holes in the Bear Lake area. The two holes, NFX07-16 and NFX07-17A, were respectively drilled 75 m east and 75 m west of hole NFX07-11 that intersected the two high grade zones. Hole NFX07-17A intersected "flow"-type mineralization grading 4.9 g/t gold over 8.1 m, including 11.4 g/t gold over 3.0 m. Hole NFX07-17A also intersected "carbonate"-type mineralization that assayed 6.0g /t gold over 4.8 m, including 9.7g/t gold over 1.3 m. Hole NFX07-16 intercepted modest mineralization.

On March 31, 2008, the Company announced results from the first four holes from the 2008 follow-up drilling program targeting the Bear Lake gold zone. Hole NFX08-35 intersected 4.8 m of flow-type mineralization grading 18.3 g/t gold, including a section of 0.5 m which yielded 163.5 g/t gold. Hole NFX08-35 was drilled 450 m up-dip and 50 m east from hole NFX07-11, which intersected 10.2 m grading 8.0 g/t gold (as reported on August 15, 2007). The intercept in hole NFX08-35 contains the highest single gold value encountered to

date in the Bear Lake area.

The intercept in hole NFX08-35 was cut at 120 m below surface, clearly showing that high-grade gold mineralization at Bear Lake occurs close to surface and extends at least 550 m down-plunge and is open laterally for over 500 m. This new intersection opens up a large area where significant tonnage and high gold grades could be present. Additional assay results from other intersections of hole NFX08-35 are pending.

Assay results from holes NFX08-26, 27 and 28 were also received and, although all holes did cut flow-type mineralization, they did not yield significant gold values. Based on geological interpretation of the ore zones at the now-closed Kerr-Addison Mine, both high-grade and low-grade shoots are to be expected within carbonate-type and flow-type mineralization at Bear Lake.

Drilling is ongoing to systematically test the Bear Lake gold zone along strike and down-plunge to a vertical depth of 1,000 m, using a 125 m to 150 m hole spacing. This spacing will be adjusted as new assay results are received.

Ferland Claims

On November 1, 2007, the Company and Maximus announced the discovery of an additional high-grade gold zone at the Larder Lake Properties, in the Ferland claims. Hole NFX07-13 at Ferland reported a high-grade intersection occurring within a wider zone of the favourable “flow-ore” horizon that grades 6.9 g/t gold over 13.5 m.

A series of six drill holes were drilled at Ferland to follow-up the high grade “flow-ore” intersection in hole NFX07-13 and tested for down-plunge (down to 400 m vertical) and lateral (200 m east and west) extensions. Five of the six follow-up holes intersected gold mineralization, including hole NFX07-21 which intersected 28.1 g/t gold over 1.0 m. Preliminary geological interpretation, based on the results obtained from all the drilling in the Ferland area, shows that the mineralization is more complex than anticipated. Based on intercepts to date, high-grade gold shoots occurring at Ferland appear to be confined to the immediate vicinity (within 100 m) of NW trending faults. This was confirmed by hole NFX07-13’s gold-rich intersection which is located less than 50 m from one of the faults. Furthermore, holes NFX07-19 and NFX07-21, both drilled within 100 m of the same fault zone all intersected highly anomalous gold values. Hole NFX07-18, drilled west of the fault, cut the mineralized horizon which graded 0.5 g/t gold over 21.0 m, including 0.7 g/t gold over 10.7 m. Hole NFX07-19 intersected 0.5 g/t gold over 22.9 m, including a section grading 5.9 g/t gold over 1.5 m. Hole NFX07-20 followed the fault zone almost all the way down and cut disrupted shreds of the mineralized horizon grading 1.2 g/t gold over 5.8 m, including 3.1 g/t gold over 1.3 m. Hole NFX07-21 cut two discontinuous sections of gold mineralization grading 2.1 g/t gold over 0.8 m and 28.1 g/t over 1.0 m respectively. Holes NFX07-22 and NFX07-23 did not intersect significant gold values along the target horizon and seem to have been drilled outside of the high-grade shoot. Hole NFX07-22 did encounter a gold zone along a different structure from the other holes in the area grading 1.6 g/t gold over 3.0 m, including 3.2 g/t gold over 1.1 m and 5.8 g/t gold over 1.2 m. The intersection is characterized by narrow pyrite-bearing quartz-carbonate veins. The different style of mineralization and the different position of the zone suggest the presence of a new gold zone that will be evaluated for future drilling.

Although apparently somewhat limited (100 to 150 m) in strike length, these mineralized shoots have proved to contain high-grade gold values within large gold-anomalous halos around the fault zones. Based on this, a thorough compilation is underway to fully assess the attitude and economic potential of these high-grade zones at Ferland in order to assist with planning additional drilling.

A complete list of historical drill results from the Larder Lake Properties can be found under the Company's filings at www.sedar.com.

Financings

On July 12, 2007, the Company completed a non-brokered private placement of 1,000,000 units at a price of \$0.25 per unit for gross proceeds of \$250,000. Each unit consisted of one common share issued on a flow-through basis under the *Income Tax Act* (Canada) and one half of one non-transferable common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of \$0.40 per common share until January 12, 2009.

On August 17, 2007, the Company completed an additional non-brokered private placement of 1,800,000 units at a price of \$0.25 per unit for total proceeds of \$450,000. Each unit consisted of one common share issued on a flow-through basis under the *Income Tax Act* (Canada) and one half of one non-transferable common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of \$0.40 per common share until February 17, 2009.

Property Acquisition: Remaining 25% Interest in Barber Larder Property

On September 19, 2007, the Company acquired the 25% interest in the Barber Larder Property consisting of 9 patented claims from Gwen Resources Ltd. ("Gwen") for \$250,000 and the issue of 1,000,000 common shares for consideration of \$0.40 per common share. The Company now holds a 100% interest in the mineral rights of the property, while the Company and Gwen each retain a 50% interest in the surface rights of the property.

Termination of Option Agreement – PG 101 Property

On May 15, 2007, the Company entered an option agreement with the right to earn up to a 70% interest in 101 mining claims in Holloway and Marriot Townships in northeastern Ontario (the "PG 101 Property") and exclusive negotiating rights and rights of first refusal to acquire interests in other properties. On June 22, 2007, the Company terminated the option agreement and wrote off \$70,062 of expenditures made pursuant to the option agreement.

Option and Joint Venture: Swansea Property

On September 18, 2007, the Company granted an option to Newstrike Resources Ltd. ("Newstrike") to earn a 25% interest in the Company's 75% owned Swansea property. In order to earn its interest Newstrike has agreed (a) to issue 100,000 common shares to the Company in the following increments: 50,000 common shares which was received subsequent to December 31, 2007 and 50,000 common shares by October 31, 2009 and (b) to expend \$1,000,000 in the following increments: \$400,000 by September 30, 2008 and \$600,000 by September 30, 2009.

Option and Joint Venture, James Bay Properties

On July 16, 2007, Eloro, a related party, granted the Company an option to acquire a 50% interest in Lemoyne North, Horseshoe, Taïga and Taïga West properties (the "Lemoyne Properties") by expending \$3,000,000 in the following increments: \$500,000 by July 15, 2008; \$750,000 by July 15, 2009; \$750,000 by July 15, 2010; and \$1,000,000 by July 15, 2011. The properties are encumbered with a 1% net smelter return royalty.

Since there are common directors to each of the companies, the Board of Directors of each of Eloro and the

Company struck an independent committee to review and assess the transaction. In each case, the independent committee was composed of one independent director who is an experienced geologist. Each independent committee reviewed the transaction and its underlying property and concluded that the transaction was comparable to transactions between other mineral exploration companies relating to comparable properties. Each independent committee recommended to its respective Board of Directors that the transaction be approved.

The Lemoyne North and Horseshoe properties total 99.8 square km and are now contiguous as a result of Eloro staking additional claims in the area in June 2007. The Lemoyne North property straddles the northern border of the Poste Lemoyne Property where Virginia Mines Inc. has outlined a 95,000 ounce gold resource grading 14.5 g/t gold, that included intersections of up to 43.09 g/t gold over 11.65 m (Source: Virginia Mines Inc. website). Recent work completed at the Lemoyne North Property has identified felsic volcanic rocks with mineralization and alteration similar to the world-class gold deposits in the Doyon-Bousquet-LaRonde belt of the Abitibi. The work has identified target areas for immediate drilling in areas where the alteration is strongest, and where Eloro's 2006 shallow drilling intersected semi-massive sulphides anomalous in gold, silver and zinc. Historic grab sample assays at Lemoyne North (Virginia Gold Mines, 1996, Boreal Exploration, 1998), include grades up to 4.04% copper, 21.22 g/t gold and 38 g/t silver.

The Taïga and Taïga West properties are comprised of 161 claims, totalling 82.7 square km. Both properties are also contiguous as a result of recent additional claim staking by Eloro. At Taïga, the property hosts grab samples with significant assays (Boreal Exploration, 1999) carrying up to 19.34 g/t gold, 2.13% copper and 2.73% zinc.

On January 22, 2008, the Company announced that a surface diamond drilling program has commenced on the Lemoyne North Property. The Company initiated a 2,000 m surface drilling program to test the sulphide zone associated with alumina and magnesium bearing alteration, typical of the Doyon-Bousquet-La Ronde Camp. This wide alteration zone has been delineated over a 3 km strike length by geophysics and is more than 200 m wide. Grab samples from this zone consist of abundant pyrite – pyrrhotite (iron sulphides) and minor chalcopyrite (copper sulphides) and sphalerite (zinc sulphides).

Risks and Uncertainties

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The Company is subject to numerous risk factors that may affect its business prospects in the future. These risks include, but are not limited to, the Company's access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licences, the inherently risky nature of the Company's activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company's reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company's dependence upon employees and consultants and fluctuations in mineral prices.

Selected Annual Information

| | Years ended December 31 | | |
|-----------------------------------|--------------------------------|-------------|-------------|
| | 2007 | 2006 | 2005 |
| | \$ | \$ | \$ |
| Interest revenue | 106,725 | 37,421 | 5,705 |
| Loss | | | |
| Total | 2,254,154 | 1,413,467 | 470,940 |
| Per share-basic and fully-diluted | 0.04 | 0.03 | 0.01 |
| Total assets | 11,948,747 | 11,828,750 | 7,716,179 |

Results of Operations*Year ended December 31*

| | 2007 | 2006 |
|---|--------------------|--------------------|
| | \$ | \$ |
| General and administrative expenses | | |
| Professional fees | 78,858 | 65,936 |
| Consulting fees | 430,998 | 330,000 |
| Stock-based compensation | 955,641 | 650,487 |
| General and office | 487,696 | 509,861 |
| Amortization | 472 | 588 |
| | <u>1,953,665</u> | <u>1,556,872</u> |
| Loss before the undernoted items | (1,953,665) | (1,556,872) |
| Interest income | 106,725 | 37,421 |
| Other income | 21,929 | - |
| Gain on sale of investments | 10,112 | 89,890 |
| Decrease in fair value of marketable securities | (269,923) | - |
| Recovery of due from Northfield Metals Inc. | 18,300 | 16,094 |
| Writedown of due from Wavex International Inc. | (4,000) | - |
| Writedown of mineral resource properties | (183,632) | - |
| Loss for the period | <u>(2,254,154)</u> | <u>(1,413,467)</u> |

The increase in the loss compared to the previous year was due to the following factors:

- a) an increase in consulting fees as a result of an increased level of exploration activity.
- b) an increase in stock-based compensation due a change in the stock option plan which provides that stock options vest immediately instead of over 18 months, resulting in stock-based compensation being expensed on the date of grant instead of over the vesting period.
- c) a decrease in the fair value of marketable securities
- d) a writedown of mineral resource properties for the termination of the option agreement for the PG 101 Property and the abandonment of the Abitibi Property subsequent to December 31, 2007.

3 months ended December 31

| | 2007 | 2006 |
|---|-----------------|-----------------|
| | \$ | \$ |
| General and administrative expenses | | |
| Professional fees | 30,701 | 21,497 |
| Consulting fees | 199,500 | 191,400 |
| Stock-based compensation | - | 111,952 |
| General and office | 149,565 | 188,706 |
| Amortization | 118 | 147 |
| | <hr/> 379,884 | <hr/> 513,702 |
| Loss before the undernoted items | (379,884) | (513,702) |
| Interest income | 27,283 | 31,172 |
| Gain on sale of investments | (300) | - |
| Gain on settlement of accounts payable | - | 16,094 |
| Decrease in fair value of marketable securities | (377,288) | - |
| Writedown of mineral resource properties | (112,942) | - |
| Loss for the period | <hr/> (843,131) | <hr/> (466,436) |

The increase in the loss compared to the same period in the previous year was due to the following factors:

- a) a decrease in stock-based compensation, as no stock options were granted.
- b) a decrease in the fair value of marketable securities

Summary of Quarterly Results

| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2006 | 2006 | 2006 | 2006 | 2007 | 2007 | 2007 | 2007 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Interest revenue | 7 | 666 | 5,576 | 31,172 | 28,919 | 26,542 | 23,981 | 27,283 |
| Loss | | | | | | | | |
| - Total | 192,424 | 556,898 | 197,708 | 466,437 | 98,236 | 566,864 | 745,923 | 843,131 |
| - Per share | 0.01 | 0.02 | 0.01 | 0.01 | 0.00 | 0.01 | 0.02 | 0.01 |

Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

Future cash requirements will depend primarily on the extent of future expenditures on the Company's exploration programs. The cost and duration of future exploration programs will depend on the results of current exploration programs and therefore, the Company is not able to forecast future cash requirements. The Company has sufficient funds to maintain its current mineral resource properties and carry out certain planned exploration programs, but the Company will require additional financing to complete exploration programs in 2009 and future years.

As at December 31, 2007, working capital of \$2,698,091 (2006-\$3,318,054) included cash includes \$592,000 (2006-\$nil) of the proceeds of private placements of flow-through common shares which must be expended on Canadian exploration expenditures by December 31, 2008. Working capital also includes marketable securities

of Eloro Resources Ltd., a related party, with a fair value of \$776,768.

The Company an option to acquire a 50% interest in Lemoyne North, Horseshoe, Taïga and Taïga West properties by expending \$3,000,000 in the following increments: \$500,000 by July 15, 2008; \$750,000 by July 15, 2009; \$750,000 by July 15, 2010; and \$1,000,000 by July 15, 2011.

Transactions with Related Parties

For the year ended December 31, 2007, consulting fees includes \$328,500 (2006-\$254,000) expensed to companies controlled by two directors and management of the Company and mineral resource properties included \$22,915 paid to a company controlled by a director and no amount (2006-\$25,000) paid pursuant to Services Agreement with IGL. IGL was a shareholder of the Company and a director of the Company was a director of IGL.

Sundry receivables included no amount (2006-\$62,535) due from a director and no amount (2006-\$4,000) due from Wavex International Inc. ("Wavex"). The amount of \$4,000 due from Wavex as at December 31, 2006, which was unsecured, non-interest bearing and due on demand, was written off. Two directors of Wavex are directors of the Company. Sundry receivables also include \$25,000 (2006-\$25,000) due from Champion Minerals Inc. ("Champion") which is unsecured, non-interest bearing and due on demand, was repaid subsequent to December 31 2007. One director of Champion is a director of the Company. Accounts payable includes no amount (2006-\$8,764) owed to a director.

These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

Proposed Transactions

There are currently no proposed transactions.

Critical Accounting Estimates

Mineral resource properties

Costs relating to the acquisition, exploration and development of mineral resource properties are deferred until the properties are brought into commercial production, at which time, they are amortized over the estimated useful life of the related property on a unit-of-production basis. The cost of mineral resource properties includes the cash consideration and the fair value of shares issued on the date the property is acquired. The proceeds from options granted on properties are credited to the cost of the related property. When a property is determined to be non-commercial, non-productive or its value impaired, those costs in excess of estimated recoveries are charged to operations.

The recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The amount shown for mineral resource properties does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral resource properties.

Stock-based compensation

Stock-based compensation is determined using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. Changes in these input assumptions can materially affect the estimate of fair value.

Changes in Accounting Policies including Initial Adoption

On January 1, 2007, the Company adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" and Section 3861, "Financial Instruments – Disclosure and Presentation" retrospectively with no restatement of prior periods. Financial instruments are measured at fair value on initial recognition and valued in subsequent periods based upon their classification as held-for-trading, available for sale, held-to-maturity, loans and receivables or other liabilities. Financial assets and liabilities classified as held-for-trading are valued at fair value with unrealized gains and losses recognized in income. Financial assets classified as available-for-sale are valued at fair value with unrealized gains and losses recognized in other comprehensive income. Financial assets classified as held-to-maturity, loans and receivables and financial liabilities classified as other liabilities are valued at amortized cost using the effective interest rate method. The Company has classified its cash and marketable securities as held-for-trading; sundry receivable and amounts due from related parties as loans and receivables; and accounts payable and accrued liabilities and amounts due to related parties as other financial liabilities.

On January 1, 2007, marketable securities previously recorded at cost were designated as held-for-trading and the increase in the fair value of marketable securities of \$194,812, representing the difference between the fair value and the cost was recorded as a reduction of the Company's deficit on January 1, 2007.

There have been no changes in accounting policies during the year ended December 31, 2007.

Future Changes in Accounting Policies

On January 1, 2008, the Company will adopt amendments to CICA Handbook Section 1400, "General Standards of Financial Statement Presentation" which includes requirements to assess and disclose an entity's ability to continue as a going concern; disclosure of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern; disclosure of when financial statements are not prepared on a going concern basis, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

On January 1, 2008, the Company will adopt CICA Handbook Section 1400, "Capital Disclosures" which requires disclosure of qualitative information about its objectives, policies and processes for managing capital; disclosure of quantitative data about what is regarded as capital; and disclosure of compliance with any externally imposed capital requirements and the consequences of such non-compliance.

On January 1, 2008, the Company will adopt CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation" which requires disclosures to enable users to evaluate the significance of financial instruments on the entity's financial position and performance, and the nature and extent of risks arising from financial instruments and non-financial derivatives.

The Company is currently assessing the impact of these new accounting standards on its financial statements. Beyond additional disclosure, the adoption of these new accounting standards is not expected to have an effect on the Company's financial position or results of operations.

Financial Instruments and Other Instruments

Fair value

The carrying value of cash, sundry receivable and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments. Marketable securities are recorded at fair value.

Market risk

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments. The Company is exposed to fair value fluctuations on its marketable securities.

Commodity price risk

The ability of the Company to develop its mineral resource properties and the future profitability of the Company is directly related to the market price of certain minerals.

Other Information

Additional Disclosure for Venture Companies without Significant Revenue

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

| | Years ended December 31 | |
|---------------------------|--------------------------------|-------------|
| | 2007 | 2006 |
| General and office | \$ | \$ |
| Premises | 56,711 | 62,683 |
| Office | 103,480 | 58,366 |
| Telephone | 38,408 | 36,699 |
| Insurance | 17,160 | 46,114 |
| Public company costs | 80,026 | 45,764 |
| Promotion | 113,958 | 134,699 |
| Travel | 77,953 | 121,036 |
| | 487,696 | 505,361 |

| | Years ended December 31 | |
|--|--------------------------------|-------------|
| | 2007 | 2006 |
| Capitalized exploration costs | \$ | \$ |
| Property acquisition costs | 738,855 | 321,300 |
| Capitalization of amortization | 13,848 | 17,300 |
| Fair value of warrants issued to Maximus | - | 442,000 |
| Exploration costs | 205,052 | 76,554 |
| Writeoff | (183,632) | - |
| | 774,123 | 857,154 |

All of the amounts relate to the Company's Larder Lake Properties, with the exception of the property acquisition costs for the year ended December 31, 2007 which relate to the McVittie Property and Barber Larder property 25% interest acquisition costs, and for the year ended December 31, 2006 which relate to the Kirkland Wright property. The Company intends to keep the McVittie McGarry and Kirkland Wright properties in good standing and is currently proceeding with an exploration program.

Disclosure of Outstanding Share Data (as at April 29, 2008)**Shares**

Authorized:
Unlimited number of common shares.

Outstanding:
52,983,532 common shares.

Warrants

Outstanding:

500,000 warrants entitling the holder to purchase a common share at a price of \$0.40 per common share until January 12, 2009.

75,000 warrants entitling the holder to purchase 75,000 units at a price of \$0.25 per unit until January 12, 2009. Each unit consists of one common share and one-half common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase a common share at a price of \$0.40 per common share until January 12, 2009.

810,000 warrants entitling the holder to purchase a common share at a price of \$0.40 per common share until February 17, 2009.

133,470 warrants entitling the holder to purchase a unit at a price of \$0.25 per unit until February 17, 2009. Each unit consists of one common share and one-half common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase a common share at a price of \$0.40 per common share until February 17, 2009.

Stock options

Authorized:
9,200,000 stock options.

Outstanding:

| Exercise price | Options outstanding | Options exercisable | Expiry date |
|-----------------------|--------------------------------|--------------------------------|--------------------|
| \$0.30 | 225,000 | 225,000 | December 16, 2010 |
| \$0.55 | 1,000,000 | 1,000,000 | January 30, 2011 |
| \$0.35 | 2,450,000 | 2,450,000 | August 12, 2012 |
| \$0.41 | 275,000 | 275,000 | September 19, 2012 |
| | 3,650,000 | 3,650,000 | |

At December 31, 2007, there are 772,500 options available to be granted under the stock option plan. The grant of 1,400,000 stock options on November 9, 2007 requires shareholder approval of an increase to the number of stock options available to be granted under the stock plan. Therefore, those stock options are deemed not to be granted until that approval is obtained.

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “will”, “would”, “should”, “guidance”, “potential”, “continue”, “project”, “forecast”, “confident”, “prospects”, and similar expressions typically are used to identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the Company’s business and the industry and markets in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied by these forward-looking statements due to a number of factors, including but not limited to the Company’s access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licences, the inherently risky nature of the Company’s activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company’s reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company’s dependence upon employees and consultants and fluctuations in mineral prices. These risks, as well as others, could cause actual results and events to vary significantly. The Company expressly disclaims any intent or obligation to update these forward-looking statements, unless the Company specifically states otherwise.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.