

ELORO RESOURCES LTD.
(the "Company")

FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

Date

This MD&A is dated July 28, 2006 and should be read in conjunction with the audited financial statements for the year ended March 31, 2006.

Overall Performance

On October 5, 2005, the common shares of the Company commenced trading on Tier 2 of the TSX Venture Exchange Inc. as a mining issuer under the Company's trading symbol ELO. The Company is a reporting issuer in British Columbia, Alberta and Ontario.

Private Placement Financings

On January 30, 2006 the Company completed a non-brokered private placement of 1,000,000 units ("Units") of the Company at a price of \$0.15 per Unit for gross proceeds of \$150,000. Each Unit consists of one common share and one-half of one common share purchase warrant of the Company (the "Warrants"). Each whole Warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 at any time on or before July 30, 2007.

On March 10, 2006 the Company completed a non-brokered private placement of 400,000 common shares of the Company at a price of \$0.30 per common share for total proceeds of \$120,000.

Subsequent to the year end, on April 25, 2006, the Company completed a non-brokered private placement (the "Private Placement") of 550,000 Flow-Through Shares of Eloro at a price of \$0.45 per share issued on a "flow-through" basis under the *Income Tax Act* (Canada), as well as 1,000,000 Common Shares of the Company issued on a non "flow-through" basis, priced at \$0.40 per share for total proceeds of \$647,500. Directors and officers of the Corporation purchased 495,000 Flow-Through Shares pursuant to the Private Placement. All securities issued pursuant to the Private Placement are subject to a hold period which expires August 26, 2006. In connection with the Private Placement the Company paid \$5,600 as a finder's fee to Integral Wealth Securities Limited, an arm's length party, and paid \$2,800 as a finder's fee to Blackmont Capital Inc., an arm's length party.

Additionally, on July 24, 2006 the Company completed a non-brokered private placement (the "MineralFields Private Placement") with MineralFields Group of 2,222,221 Flow-Through Units (the "Flow-Through Units") at a price of 45 cents per Unit, for gross proceeds to the Company of \$1,000,000. Each Flow-Through Unit consists of one common share (the "Common Shares") issued on a "flowthrough" basis under the *Income Tax Act* (Canada) and one share purchase warrant of the Company (the "Unit Warrants"). Each Unit Warrant will have a term of 24 months (the "Term") and will entitle the holder to purchase one Common Share at a price of \$0.75 per share in the first year of the Term and \$1.00 in the second year of the Term. Pursuant to the MineralFields Private Placement, if the average closing price of the Common Shares is over \$1.00 for a period of 20 consecutive trading days (following the expiry of the hold period) in the first year of the Term, or \$1.25 in the second year of the Term, the Unit Warrants must be exercised within ten business days of receiving written notice from Eloro or they are to

be terminated. All securities issued pursuant to the MineralFields Private Placement are subject to a hold period which expires October 30, 2006.

In connection with the MineralFields Private Placement, the Company paid a finder's fee to Limited Market Dealer Inc. ("LMD"), an arm's length party, equal to 5% of the completed Private Placement, and further, the Company issued 222,222 finder's fee share purchase warrants to LMD, with each warrant entitling the holder to purchase an aggregate of 222,222 units ("Units") at a price of \$0.45 per Unit. Each Unit consists of one common share of the Company and one Unit Warrant. The Unit Warrants are identical to the Unit Warrants subscribed for pursuant to the MineralFields Private Placement.

The net proceeds of the foregoing private placements will be used to finance continued exploration programs at Eloro's exploration projects located in the James Bay District of northern Quebec, and the Company's Hurdman Zinc Silver Gold Property, located in northeastern Ontario, and for working capital.

Hurdman Property

On February 9, 2006 the Company announced that it had commenced its continuing exploration program on the Company's wholly owned 66 square kilometer Hurdman Zinc Silver Gold Property. The program consisted of mise-à-la-masse induced polarization surveying and follow-up diamond drilling, and was planned to further extend the known mineralization along strike and down-dip. Significant assay results from the Company's Winter 2006 drill program were announced in press releases dated April 5, 2006 and May 2, 2005 and include: 3.70% zinc and 7.71 g/t silver over 11.6 meters core length (ELO-06-01); 2.09% zinc and 40.00 g/t silver over 11.3 meters core length (ELO-06-04); 2.48% zinc and 10.4 g/t silver over 7.9 meters core length (ELO-06-07); 5.22% zinc and 28.02 g/t silver over 7.90 meters core length (ELO-06-08); 4.99% zinc, 26.57 g/t silver over 7.30 meters core length and 49 g/t gold over a 0.5 meters core length (ELO-06-12).

The Company further announced on July 24, 2006 that Geophysics GPR International Inc., of Longueil, Quebec, has initiated an airborne helicopter Magnetic and Frequency Domain Electro-magnetic (FDEM) survey at 100 meter line spacing over the Hurdman Property. The goal of the 600 line kilometre geophysical survey is to uncover potential chalcopyrite or copper bearing massive sulphides, generally bordering a zinc sulphide component. Copper has not been found to date at Hurdman.

James Bay Properties

In the fourth quarter of the fiscal year, the Company enhanced its mineral property holdings in the highly prospective James Bay region of Quebec by purchasing three gold, copper and silver properties from two arm's length parties in the La Grande and Eastmain Belts of northern Quebec (collectively, the "Property Acquisitions"). The Eastmain Belt hosts Goldcorp Inc.'s Eleonore Gold Prospect, as well as Eastmain Resources' Clearwater Deposit.

On March 10, 2006, the Company completed the Property Acquisitions of a 100% interest in the Eastmain 1, Eastmain 2 and Taiga West properties by issuing 600,000 common shares of the Company and paying \$50,000 to an arm's length vendor (the "Vendor"). The Vendor retains a 1% Net Smelter Returns royalty, of which the Company can purchase 0.5% for \$500,000. The Company has acquired a 100% interest in the Delta Property by issuing 200,000 common shares of the Company and paying \$30,000 to Carat Exploration ("Carat"). Carat retains a 1% Net Smelter Returns royalty on the Delta Property, of which the Company can purchase 0.5% for \$500,000.

Subsequent to the fiscal year end, on June 8, 2006, the Company announced that it has signed a Letter of Agreement with Cambior Inc. allowing Cambior to earn a 50% interest in three (3) of Eloro's James Bay Gold District properties, in the La Grande volcano-sedimentary belt located north of Goldcorp Inc.'s Eleonore Gold Deposit area. The Eloro properties involved in the transaction are the Lemoyne North, Sakami East and Taïga claim blocks. Under the terms of the agreement Cambior has an option to earn a 50% in Eloro's Lemoyne North, Taïga and Sakami East properties by spending C\$ 2 million on or before June 30, 2010, as follows: i) C\$ 300,000 on or before the 1st anniversary date, ii) an additional C\$ 400,000 on or before the 2nd anniversary date, iii) an additional C\$ 600,000 on or before the 3rd anniversary date, and iv) an additional C\$ 700,000 on or before the 4th anniversary date.

Additionally, on July 13, 2006, the Company announced that it has enhanced its mineral property holdings in the James Bay District by purchasing a property (the "Horseshoe Property") from an arm's length party in the La Grande Greenstone Belt of northern Quebec (the "Property Acquisition"). The Horseshoe Property consists of 51 map staked cells totaling approximately 25.5 square kms and is located between Eloro's Lemoyne North and Taïga properties.

Eloro has agreed to acquire a 100% interest in the Horseshoe Property by: i) paying C\$30,000 to Mr. J.S. Lavallée (the "Vendor"), ii) issuing 300,000 common shares of Eloro to the Vendor, and iii) issuing 150,000 non-transferable share purchase warrants of Eloro (the "Warrants") to the Vendor. Each Warrant will have a term of 24 months and will entitle the holder to purchase one common share of Eloro at a price of C\$0.75 per share in the first year of the term and C\$1.00 in the second year of the term. The Vendor retains a 1% Net Smelter Returns royalty, of which Eloro can purchase 0.5% for C\$500,000. The Property Acquisition is subject to receiving all necessary regulatory and exchange approval, including that of the TSX Venture Exchange.

The Company remains focused on discovering and developing precious and base metal quality resources in the James Bay District of northern Quebec. With its completed and pending acquisitions Eloro currently has 19 gold-copper-silver and uranium properties covering 282 square kilometers in the La Grande and Eastmain Greenstone Belts, proximal to Goldcorp's Eleonore Gold Prospect.

On July 24, 2006 the Company announced the start of its summer exploration program on the James Bay District properties. The Company has mobilized two field crews to conduct the work on the Taïga West and Summit-Gabbre properties located within the La Grande Greenstone Belt, which should be completed in early August, 2006. Ground prospecting has uncovered a large iron formation on the 6.6 km² Taïga West Property.

The 10.7 km² Summit Gabbre Property hosts a number of historical surface showings. The Company's crews are presently investigating and surface sampling all of the showings. The historical results include 32.8 g/t Au; 10.2% Cu; 12.7 g/t Pt and 8.2 g/t Pd; and 6.4 % Cu and 15 g/t Ag (MRNFQ GM 54440, 55905 and 55906; Virginia Mines;NOREX). Sampling to date has revealed significant copper oxide and sulphide mineralization. A total of 85 samples have been submitted for precious and base metals assaying. Assay results and Quality Assurance / Quality Control protocols will be released as they become available. Nevertheless, following the visual inspection of the samples, Eloro staked 71 claim cells, contiguous to the Summit Gabbre Property to cover potential extensions of the mineralization.

Field crews will eventually be mobilized to the Eastmain Greenstone Belt for work on the Eastmain 1, 2 and 3, Delta, and the Rupert properties. The Eastmain 1, 2 and 3, and Delta properties total 95 km², and are located 40 kilometers west of the Clearwater deposit (Eastmain Resources), which hosts indicated resources of 1 million tonnes grading 9.5 g/t gold (or 0.28 ounce per ton of gold) and inferred resources of 3 million tonnes grading

6.9 g/t gold (0.20 ounce per ton of gold) (from *Eastmain Resources' website*). A historical surface grab sample from the Delta property yielded 6.6% Cu and 20 g/t Ag (MRNFQ ET-2002-06) in a quartz-chalcopyrite vein exposed over 25 metres.

The 10 km² Rupert Properties already contain several showings (MRNFQ GM 55737; NOREX). Historical results include 5.6 % Cu and 57.5 g/t Ag; and 4.7 % Cu and 56.3 g/t Ag. Samples taken by Eloro in 2005 gave up to 6.0% Cu, 3.2% Cu and 1.9% Cu.

The 2006 summer program dataset will be processed using GIS (Geographic Information Systems) technology with 3-D visualization. This will permit a more effective prioritization of a number of gold and base metal targets that will be drill tested later in the year.

Sale of Mining Claims to NFX Gold Inc.

On July 26, 2006 the Company completed the previously announced sale (the “Sale”) to NFX Gold Inc. (“NFX”), a related party, of 13 mining claims (collectively the “Eloro Larder Lake Properties”) located along the Larder Lake Break in northeastern Ontario. The Eloro Larder Lake Properties consist of 10 mining claims in McVittie Township which are contiguous to the north and west of NFX’s 100% owned Larder Lake properties, 2 mining claims in McGarry Township located to the north and east of NFX’s Larder Lake properties, and 1 mining claim located in Gauthier Township, near Kirkland Lake, Ontario.

Pursuant to the Sale, NFX acquired a 100% interest in the Eloro Larder Lake Properties through the issuance to the Company of 250,000 common shares of NFX (the “Common Shares”). The Eloro Larder Lake Properties are currently encumbered with a 1% Net Smelter Return (“NSR”) royalty, of which the Company had the option to purchase 0.5% for \$500,000. The obligations of the existing royalty agreement were assigned from the Company to NFX, subject to the terms thereof. Pursuant to the Sale, NFX granted to the Company a NSR royalty of 0.5%.

Selected Annual Information

	Year Ended March 31, 2006 (CDN\$)	Year Ended March 31, 2005 (CDN\$)	Year Ended March 31, 2004 (CDN\$)
Revenues	NIL	NIL	NIL
Income (Loss)	(363,681)	(73,358)	(70,256)
Income (Loss) Per Share	NIL	NIL	NIL
Fully Diluted Income (Loss) Per Share	NIL	NIL	NIL
Cash Dividends	NIL	NIL	NIL
Total Assets	2,040,654	576,877	51,488
Total Liabilities	213,772	117,751	89,304
Long Term Debt	NIL	NIL	NIL
Total Exploration Expenditures	504,965	186,740	NIL

Results of Operations

The Company’s loss for the year ended March 31, 2006 was \$363,681 [2005 - \$73,358]. The Company recorded general and administrative expenses of \$537,334 for the year ended March 31, 2006 [2005 - \$107,617]. The increase in general and administrative expenses is primarily attributed to the stock based compensation recorded by the Company in the amount of \$288,792 [2005 – nil]. An increase in consulting fees

and general office expenses related to the completion of several property acquisitions and the completion of Private Placement financings and planning for the Hurdman Property and James Bay District Properties exploration and development program account for the variance between fiscal 2006 and 2005.

The Company also recorded an income tax recovery of \$188,388 for the year ended March 31, 2006, to recognize future income tax assets caused by the renunciation of expenditures related to flow-through shares [2005 - \$54,000].

Summary of Quarterly Results

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net income (loss)								
- Total	(14,883)	(23,640)	(21,577)	(13,258)	(17,914)	(53,387)	(57,657)	(248,119)
- Per share	NIL	NIL	NIL	NIL	NIL	NIL	NIL	\$0.02

Liquidity and Capital Resources

At March 31, 2006, the Company had working capital of \$282,427, compared to working capital at March 31, 2005 of \$7,386. The increase in the Company's working capital is attributable to the completion of non-brokered private placements on January 30, 2006 and March 10, 2006.

The Company anticipates that additional financings will be required during the fiscal year ending March 31, 2007, to fund its planned exploration and development and cover its general and administrative expenses. In this regard, the Company completed a non-brokered private placement on April 25, 2006, of 550,000 Flow-Through Shares of Eloro at a price of \$0.45 per share, issued on a "flow-through" basis under the *Income Tax Act* (Canada), as well as 1,000,000 Common Shares of the Company issued on a non "flow-through" basis, priced at \$0.40 per share for total proceeds of \$647,500.

Additionally, on July 24, 2006 the Company completed a non-brokered private placement (the "MineralFields Private Placement") with MineralFields Group of 2,222,221 Flow-Through Units (the "Flow-Through Units") at a price of 45 cents per Unit, for gross proceeds to the Company of \$1,000,000. Each Flow-Through Unit consists of one common share (the "Common Shares") issued on a "flowthrough" basis under the *Income Tax Act* (Canada) and one share purchase warrant of the Company (the "Unit Warrants"). Each Unit Warrant will have a term of 24 months (the "Term") and will entitle the holder to purchase one Common Share at a price of \$0.75 per share in the first year of the Term and \$1.00 in the second year of the Term. Pursuant to the MineralFields Private Placement, if the average closing price of the Common Shares is over \$1.00 for a period of 20 consecutive trading days (following the expiry of the hold period) in the first year of the Term, or \$1.25 in the second year of the Term, the Unit Warrants must be exercised within ten business days of receiving written notice from Eloro or they are to be terminated.

During the year ended March 31, 2006, the Company also raised \$218,573 through the issuance of 1,203,831 common shares issued in connection with previously granted common share purchase warrants. Subsequent to the year end, the Company raised an additional \$368,480 through the issuance of 1,953,648 common shares issued in connection with previously granted common share purchase warrants.

The net proceeds of the private placements and warrant exercises will be used for working capital and to finance continued exploration programs at the Company's exploration projects located in the James Bay area of Quebec, and the Company's Hurdman Zinc Silver Property.

The Company is proceeding to conduct exploration on its properties for sufficient ore reserves to justify production. The properties are not yet in production and consequently do not produce any revenue. As a result, the Company's ability to conduct operations, including the acquisition and exploration of mineral properties, is based completely on its ability to raise funds, primarily from equity sources. The recoverability of amounts recorded for minerals properties and deferred exploration is dependent on the discovery of economically recoverable reserves on its mineral properties, the ability of the Company to obtain additional financing to complete exploration and development and upon future profitable production or on sufficient proceeds from disposition of such properties. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell, at fair market value, its interest in its properties.

Transactions with Related Parties

During the year, consulting fees included \$57,500 (2005-\$21,000) paid or payable to two companies controlled by two directors of the Company and to a company owned by an officer of the Company. Mineral resource properties included nil (2005-\$102,190) of exploration expenditures paid to a shareholder, \$6,481 (2005-NIL) paid to a director and \$263,362 (2005-NIL) paid to a company controlled by an officer. Included in accounts receivable is \$4,460 due from a director of the Company.

Fourth Quarter – 2006

The following is a summary of events that affected the Company's financial condition during the fourth quarter of its 2006 fiscal year:

The Company completed private placement financings on January 30, 2006 and March 10, 2006 (see Overall Performance section).

In the fourth quarter of the fiscal year, the Company enhanced its mineral property holdings in the James Bay region of Quebec by purchasing three gold, copper and silver properties from two arm's length parties in the La Grande and Eastmain Belts of northern Quebec (collectively, the "Property Acquisitions"). On March 10, 2006, the Company completed the Property Acquisitions of a 100% interest in the Eastmain 1, Eastmain 2 and Taiga West properties by issuing 600,000 common shares of the Company and paying \$50,000 to an arm's length vendor (the "Vendor"). The Vendor retains a 1% Net Smelter Returns royalty, of which the Company can purchase 0.5% for \$500,000. The Company has acquired a 100% interest in the Delta Property by issuing 200,000 common shares of the Company and paying \$30,000 to Carat Exploration ("Carat"). Carat retains a 1% Net Smelter Returns royalty on the Delta Property, of which the Company can purchase 0.5% for \$500,000.

Proposed Transactions

On July 13, 2006 the Company announced that it has enhanced its mineral property holdings in the James Bay District of Quebec by purchasing a property (the "Horseshoe Property") from an arm's length party in the La Grande Greenstone Belt of northern Quebec (the "Property Acquisition"). The Horseshoe Property consists of

51 map staked cells totaling approximately 25.5 square kms and is located between Eloro's Lemoyne North and Taiga properties.

Eloro has agreed to acquire a 100% interest in the Horseshoe Property by: i) paying C\$30,000 to Mr. J.S. Lavallée (the "Vendor"), ii) issuing 300,000 common shares of Eloro to the Vendor, and iii) issuing 150,000 non-transferable share purchase warrants of Eloro (the "Warrants") to the Vendor. Each Warrant will have a term of 24 months and will entitle the holder to purchase one common share of Eloro at a price of C\$0.75 per share in the first year of the term and C\$1.00 in the second year of the term. The Vendor retains a 1% Net Smelter Returns royalty, of which Eloro can purchase 0.5% for C\$500,000. The Property Acquisition is subject to receiving all necessary regulatory and exchange approval, including that of the TSX Venture Exchange.

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and disclosures as at March 31, 2006 and have concluded that such controls and procedures are effective.

Changes in Accounting Policies including Initial Adoption

There were no changes in accounting policies including initial adoption.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, an amount due from NFX Gold Inc. and Wavex International Inc., prepaid expenses, accounts payable and accrued liabilities. It is management's opinion that the fair value of these financial instruments approximates their carrying values.

Other Information

Additional Disclosure for Venture Corporations 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.

	Year Ended March 31, 2006	Year Ended March 31, 2004
	\$	\$
General and Administrative Costs		
Professional fees	30,149	34,620
Stock-based compensation	288,792	-
Consulting fees	142,750	36,329
General Office	<u>75,643</u>	<u>36,668</u>
	537,334	107,617

The Company recorded general and administrative expenses of \$537,333 for the year ended March 31, 2006 [2005 - \$107,617]. The increase in general and administrative expenses is primarily attributed to the stock based compensation recorded by the Company in the amount of \$288,792 [2005 - nil]. An increase in consulting fees and general office expenses related to the completion of several property acquisitions and the completion of Private Placement financings and planning for the Hurdman Property and James Bay District Properties exploration and development program account for the variance between fiscal 2006 and 2005.

	Year Ended March 31, 2006	Year Ended March 31, 2005
	\$	\$
Capitalized Exploration and Development Costs		
<i>Ontario – Hurdman Property</i>		
Mineral property acquisition costs	265,000	265,000
Deferred exploration costs	<u>536,097</u>	<u>186,740</u>
Sub-total – Ontario properties	801,097	451,740
<i>Quebec – James Bay Properties</i>		
Mineral property acquisition costs	587,750	Nil
Deferred exploration costs	<u>155,608</u>	<u>Nil</u>
Sub-total Quebec properties	743,358	Nil
Total	<u>1,544,455</u>	<u>451,740</u>

The figures above pertain to the Company's Hurdman Project located in Ontario and the Company's James Bay District Properties located in northern Quebec.

The increase in total capitalized exploration and development costs for the year ended March 31, 2006 is attributable to the Company's continued exploration at the Hurdman Project and the initial exploration costs incurred in the Company's James Bay District Properties (Quebec). It is the intention of the Company to continue to fund exploration programs at the Hurdman Project and the Company's James Bay properties.

Disclosure of Outstanding Share Data (as at July 28, 2006)

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited common shares without par value. Unlimited redeemable, voting non-participating special shares without par value.	38,255,110 common shares.
Securities convertible or exercisable into voting or equity securities	Options to acquire 4,000,000 Common Shares.	Options to acquire 2,500,000 common shares at an exercise price of \$0.20 per common share until January 9, 2011; 800,000 common shares at an exercise price of \$0.20 per common share until January 16, 2011; 250,000 common shares at an exercise price of \$0.25 per common share until February 1, 2011; and 100,000 common shares at an exercise price of \$0.40 per common share until March 29, 2011.
	Warrants to acquire 2,181,281 Common Shares at a price of \$0.18 per share until September 29, 2007.	Warrants to acquire 1,579,699 Common Shares at a price of \$0.18 per share until September 29, 2007.
	Warrants to acquire 1,147,056 Common Shares at a price of \$0.22 per share until June 30, 2007.	Warrants to acquire 1,067,056 Common Shares at a price of \$0.22 per share until June 30, 2007.

	Authorized	Outstanding
	<p>Warrants to acquire 2,222,221 Common Shares of the Company until June 29, 2008. The Warrants have a term of 24 months (the "Term") and entitle the holder to purchase one Common Share at a price of \$0.75 per share in the first year of the Term and \$1.00 in the second year of the Term. If the average closing price of the Company's Common Shares is over \$1.00 for a period of 20 consecutive trading days (following the expiry of the hold period) in the first year of the Term, or \$1.25 in the second year of the Term, the Warrants must be exercised within ten business days of receiving written notice from the Company or they are to be terminated.</p>	<p>Warrants to acquire 2,222,221 Common Shares of the Company until June 29, 2008. The Warrants have a term of 24 months (the "Term") and entitle the holder to purchase one Common Share at a price of \$0.75 per share in the first year of the Term and \$1.00 in the second year of the Term. If the average closing price of the Company's Common Shares is over \$1.00 for a period of 20 consecutive trading days (following the expiry of the hold period) in the first year of the Term, or \$1.25 in the second year of the Term, the Warrants must be exercised within ten business days of receiving written notice from the Company or they are to be terminated.</p>
	<p>Finder's fee share purchase warrants entitling Limited Market Dealer Inc. to purchase an aggregate of 222,222 units ("Units") of the Company at a price of \$0.45 per Unit at any time on or before June 29, 2008. Each Unit consists of one common share of the Company and one unit warrant ("Unit Warrant"). Each Unit Warrant will have a term of 24 months (the "Term") and will entitle the holder to purchase one Common Share at a price of \$0.75 per share in the first year of the Term and \$1.00 in the second year of the Term. If the average closing price of the Company's Common Shares is over \$1.00 for a period of 20 consecutive trading days (following the expiry of the hold period) in the first year of the Term, or \$1.25 in the second year of the Term, the Unit Warrants must be exercised within ten business days of receiving written notice from the Company or they are to be terminated.</p>	<p>Finder's fee share purchase warrants entitling Limited Market Dealer Inc. to purchase an aggregate of 222,222 units ("Units") of the Company at a price of \$0.45 per Unit at any time on or before June 29, 2008. Each Unit consists of one common share of the Company and one unit warrant ("Unit Warrant"). Each Unit Warrant will have a term of 24 months (the "Term") and will entitle the holder to purchase one Common Share at a price of \$0.75 per share in the first year of the Term and \$1.00 in the second year of the Term. If the average closing price of the Company's Common Shares is over \$1.00 for a period of 20 consecutive trading days (following the expiry of the hold period) in the first year of the Term, or \$1.25 in the second year of the Term, the Unit Warrants must be exercised within ten business days of receiving written notice from the Company or they are to be terminated.</p>
	<p>Warrants to acquire 499,999 Common Shares at a price of \$0.20 per share until July 30, 2007.</p>	<p>Warrants to acquire 499,999 Common Shares at a price of \$0.20 per share until July 30, 2007.</p>

	Authorized	Outstanding
Voting or equity securities issuable on conversion or exchange of outstanding securities	(as above)	(as above)

Stock Options

During the three months ended March 31, 2006, the Company granted options to acquire 2,500,000 common shares at an exercise price of \$0.20 per common share until January 9, 2011; 800,000 common shares at an exercise price of \$0.20 per common share until January 16, 2011; 250,000 common shares at an exercise price of \$0.25 per common share until February 1, 2011; and 100,000 common shares at an exercise price of \$0.40 per common share until March 29, 2011.

Share Capital

During the three months ended March 31, 2006 the following common shares were issued:

On January 30, 2006 the Company completed a non-brokered private placement of 1,000,000 units ("Units") of the Company at a price of \$0.15 per Unit for gross proceeds of \$150,000. Each Unit consists of one common share and one-half of one common share purchase warrant of the Company.

On March 10, 2006 the Company completed a non-brokered private placement of 400,000 common shares of the Company at a price of \$0.30 per common share for total proceeds of up to \$120,000.

Pursuant to the exercise of common share purchase warrants, the Company issued 388,418 common shares at an exercise price of \$0.18 per common share and 625,000 common shares at an exercise price of \$0.20 per common share.

Pursuant to the exercise of Broker Warrants, the Company issued 176,942 units ("Units") at an exercise price of \$0.12 per Unit. Each Unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.18 at any time on or before September 29, 2007. Pursuant to the issue of the Units, the Company issued an additional 13,471 common shares in connection with the exercise of 13,471 common share purchase warrants at a price of \$0.18 per common share.

Subsequent to March 31, 2006 the following common shares were issued:

On April 25, 2006 the Company completed a non-brokered private placement of 550,000 Flow-Through Shares of Eloro at a price of \$0.45 per share to be issued on a "flow-through" basis under the *Income Tax Act* (Canada), as well as 1,000,000 Common Shares of the Company issued on a non "flow-through" basis, priced at \$0.40 per share for total proceeds of \$647,500.

On July 24, 2006 the Company completed a non-brokered private placement with MineralFields Group of 2,222,221 Flow-Through Units (the "Flow-Through Units") at a price of 45 cents per Unit, for gross proceeds to the Company of \$1,000,000. Each Flow-Through Unit consists of one common share (the "Common Shares") issued on a "flowthrough" basis under the *Income Tax Act* (Canada) and one share purchase warrant of the Company.

Pursuant to the exercise of common share purchase warrants, the Company issued 213,167 common shares at an exercise price of \$0.18 per common share; 1,125,000 common shares at an exercise price of \$0.20 per common share; and 247,058 common shares at an exercise price of \$0.22 per common share.

Pursuant to the exercise of Broker Warrants, the Company issued 259,314 units (“Units”) at an exercise price of \$0.12 per Unit. Each Unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.18 at any time on or before September 29, 2007. Pursuant to the issue of the Units, the Company issued an additional 109,109 common shares in connection with the exercise of 109,109 common share purchase warrants at a price of \$0.18 per common share.

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