**CHAMPION MINERALS INC.**
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# MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED MARCH 31, 2008

The following discussion and analysis provides a review of current activities and a comparison of the performance and financial position of Champion Minerals Inc. (the "Company") for the years ended March 31, 2008 and 2007. It should be read in conjunction with the audited financial statements and accompanying notes. The financial data in this document has been prepared in accordance with Canadian GAAP. Additional information relating to the Company is available on SEDAR at www.sedar.com. Comments in this document are prepared as of July 29, 2008.

Certain of the statements set forth in this MD&A, such as statements regarding planned activity and working capital, and the availability of capital resources to fund capital expenditures and working capital are forward-looking statements. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that expected results will be achieved. There are numerous risks and uncertainties that can affect the outcome and timing of events, including many factors beyond the control of the Company. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, the Company's actual results and plans for fiscal 2009 could differ materially from those expressed in this document. All dollar amounts are stated in Canadian dollars unless otherwise indicated.

## The Company

The Company is a reporting issuer in Ontario and Alberta and its common shares are listed for trading on the TSX Venture Exchange (the "TSX-V") on Tier 2 under the symbol CHM.

## Overall Performance

*Attikamagen Lake Iron Property, Labrador and Quebec*

On July 20, 2007, the Company completed the acquisition of the Attikamagen Lake Iron Property (the "Attikamagan Property") consisting of 52 claims in western Labrador, located 15 km E-NE of Schefferville, Quebec.

The Company acquired a 100% interest in the Property from an arm's length vendor by making cash payments totaling \$40,000 and issuing 100,000 common shares of the Company at a deemed value of \$0.30 per share. The Company has agreed to pay an aggregate royalty of \$1.50 per tonne of iron content in any and all iron ore, pellets or other product produced from the Attikamagen Property, calculated at the port when shipped. The Company has the right and option at any time to purchase the royalty upon payment of C\$ 2.5 million.

On March 24, 2008 the Company expanded its property holdings adjacent to its wholly-owned Attikamagen Property. With the staking of the Lake Attikamagen Extension Claim Block, which consists of 451 claims contiguous to and partially surrounding the 52 claim Attikamagen Property, Champion's Labrador property holdings increased to 503 claims comprising 126 km$^2$. On the Quebec side of the Labrador/Quebec border, adjacent to the northern portion of the Attikamagen Extension Claim Block, the Company staked an additional 29 claims, the Lac Sans Chef Quebec Claim Block, comprising 13.7 km$^2$. Collectively, the Attikamagen Property, Attikamagen Extension Claim Block and Lac Sans Chef Quebec Claim Block cover 139.7 km$^2$ and will be referred to as the Attikamagen Property.

On June 18, 2008 the Company completed the acquisition of the Pterodactyl Claims consisting of 16 claims in eastern Labrador, adjacent to the Attikamagen Property. Champion acquired a 100% interest in the Pterodactyl Claims from an arm's length vendor, through the issuance to the vendor of 100,000 fully paid and non-assessable common shares of the Company. The Pterodactyl Claims represent a strategic addition to the Company's property holdings in western Labrador. This claim group hosts the favorable Sokoman Formation that is tightly folded and repeats the favorable horizon four times within a 6 square kilometre area. An historical geological report indicates that this folding and structural thickening with associated fracture systems has the potential to host enriched iron ore (Burgess, L.C.N. 1951). The Pterodactyl Claims will become an integral part of Champion's 2008 Attikamagen Property exploration program.

On May 13, 2008, the Company and Labec Century Iron Ore Inc. ("CIOI") signed a definitive option and joint venture agreement (the "Agreement") between Champion and CIOI to allow CIOI to earn up to a 60% interest in the Company's Attikamagen Property by expending up to C$ 12.5 million in exploration and development work expenditures on the Attikamagen Property.

Under the terms of the Agreement, CIOI can earn an initial 51% interest in the Property by funding C$ 7.5 million over a 3 year period in yearly increments of C$ 2.5 million per year in staged expenditures, for the exploration and development of the Attikamagen Property. Pursuant to the Agreement, and after earning the initial 51% interest, CIOI will have the option to increase its interest in the Attikamagen Property to 56% by expending a further C$ 2.5 million in Year 4, and to 60% by expending an additional C$ 2.5 million in Year 5. After CIOI completes its earn-in, CIOI and Champion will form a joint venture reflective of their proportionate ownership interests in the Attikamagen Property. Champion will remain manager and operator of the Attikamagen Property until CIOI vests a 51% interest.

Pursuant to the Agreement, the Company announced on July 10, 2008 the recent start of its summer field exploration program at the Attikamagen Property. The Company has constructed a ten person helicopter-supported camp and has mobilized geologists and technicians on the Attikamagen Property for the Phase 1 exploration program in order to efficiently evaluate several zones with "enriched ore" or "direct shipping ore" ("DSO") potential, as described by Burgess (Iron Ore Company, 1951) in an historic report, and "taconite" iron formation potential. Both types of iron mineralization are historically known to occur in the Lac-Sans-Chef, Jennie Lake and Joyce Lake portions of the Attikamagen Property.

The Phase 1 work will include a 2,500 line-kilometer airborne high resolution geophysical survey (Magnetic, Electro-magnetic and Radiometric) over the recently acquired claims of the Attikamagen Property in order to identify iron formation contacts, favorable folding under overburden cover and potential DSO mineralization. Processing of the airborne magnetic data with Magnetic Inversion combined with the geological mapping will help create a 3-D model of the iron formation at depth that can be used for initial volumetric estimation. This approach combined with modest amounts of diamond drilling and assaying would enable the Company to possibly establish a National Instrument (NI) 43-101 compliant mineral resources stage where warranted. In addition, Schefferville-type iron formation expertise will be provided to the Company by outside consultants, Dr. P. Pufahl (Queen`s University, Kingston, Ontario) and Dr. E. Hiatt (University of Wisconsin-Madison, Wisconsin USA).

Highlights of the field observations to date are as follows:

- The iron formations located on the Property appear to be rich in magnetite, a recognizable "Taconite Window";

- Thick intervals of magnetite-rich iron formation or "taconite" was found at the Lac Sans Chef and Jennie Lake sectors;

- At Lac-Sans-Chef, the iron formations consist of several meter-scale intervals of strongly magnetic, black, laminated magnetite up to 20m wide, in places deformed, repeated, forming intervals of magnetite-rich rocks that are up to 100m wide, covering 5 areas that extend close to 2,500m in length and 300m in width;

- Channel sampling has been initiated over the magnetite-rich areas of Lac-Sans-Chef over 300m interval lengths where minimal bedrock stripping is required, with more than 200kg of samples taken to date;

- At Jenny Lake, the magnetite-rich intervals are steeply dipping providing a much deeper potential for mineralization that appears to extend for several kilometres based on the geophysics, and historical work by Burgess (Iron Ore Company, 1951) and recent work by the Company in 2007;

- The magnetic horizons at both Lac-Sans-Chef at the north end of the Attikamagen Property and at Jenny Lake to the south extend for 20km;

- There is a good potential for discovery of DSO in vegetation-covered topographic lows at Lac-Sans-Chef, Jenny Lake and Joyce Lake;

CIOC is currently financing the Phase 1 exploration and development program on the Attikamagen Property. CIOC can earn, via the Agreement with Champion, a 60% interest in the Attikamagen Property by expending C$ 12.5 million in staged exploration and development work expenditures over a 5 year period.

*Fermont Iron Property Acquisition, Quebec*

On May 27, 2008 the Company announced the signing of a Binding Provisional Agreement (the "Fermont Agreement") with Fancamp Exploration Ltd. and The Sheridan Platinum Group Ltd. (collectively, the "Vendors"), allowing Champion to acquire up to a 70% interest in 15 iron-rich mineral concessions totalling 261.5 $km^2$ in the Fermont Iron Ore District of north-eastern Quebec. The properties, termed the Fermont Property (the "Fermont Property"), are situated 250 km north of the St. Lawrence River port town of Port-Cartier and centered 60 km southwest of Fermont.

Under the terms of the Fermont Agreement, Champion can earn an initial 65% interest in the Fermont Property at the Company's option by expending C$ 6 million in staged exploration and development work expenditures on the Fermont Property, making cash payments to the Vendors totalling C$ 1 million, and issuing 2.5 million shares to the Vendors - all over a 4-year period as described in the table below. The Vendors will retain a 3% Net Smelter Returns ("NSR") royalty, one third of which may be purchased by the Company for C$ 3 million.

Pursuant to the Fermont Agreement, and after earning the initial 65% interest, the Company will have the option to acquire a further 5% interest in any of the retained mineral concessions in the Fermont Property by completing a positive bankable feasibility study on the applicable retained mineral concessions. The Company will be required to make a one-time issuance of 500,000 shares to the Vendors on completion of the first feasibility study.

In order to earn its interest, the Company must make the option payment, issue common shares and incur exploration expenditures as follows:

| | Option payments $ | Common shares | Exploration expenditures $ |
|---|---|---|---|
| **To earn a 65% interest** | | | |
| On closing (paid and issued) | 15,000 | – | – |
| Upon approval of the option by TSX Venture Exchange (paid and issued) | 85,000 | 300,000 | – |
| 6 months after the date of the agreement | 100,000 | – | – |
| 1 year after the date of the agreement | 200,000 | 300,000 | 750,000 |
| 2 years after the date of the agreement | 200,000 | 400,000 | – |
| 3 years after the date of the agreement | 200,000 | 600,000 | – |
| 4 years after the date of the agreement | 200,000 | 900,000 | 5,250,000 |
| | 1,000,000 | 2,500,000 | 6,000,000 |
| **To increase to a 70% interest** | – | 500,000 | All necessary expenditures to completion of a positive bankable feasibility study |

After the Company completes its earn-in, the Vendors and the Company will form a joint venture ("JV") reflective of their proportionate ownership interests in the Fermont Property in order to explore and develop the retained mineral concessions. The Company will retain a right-of-first-refusal on any part or all of the Vendors' proportionate interest in each of the mineral concessions comprising the Fermont Property. If the Vendors elect not to fund their proportionate interest in the JV, their interest would be diluted and, when the Vendors' interest is reduced below a 10% remaining interest, the Vendors would be left with a 3% NSR royalty subject to a buyback clause at the Company's option to reduce the NSR royalty to 2% by paying C$ 3 million. The Company would also retain a first-right-of-refusal on the royalty. There is also a 10 km area of influence around each mineral concession. The Fermont Agreement received TSX Venture Exchange approval on July 25, 2008 and the Company paid $85,000 and issued 300,000 common shares to the Vendors on July 28, 2008. In connection with the Fermont Agreement, the Company issued in aggregate 100,000 common shares to two arm's length parties as a finder's fee.

The Fermont Property hosts significant historic pre-National Instrument ("NI") 43-101 Mineral Resources* of 610 million tonnes @ 32.2% iron, located in proximity to and locally contiguous to an operating and a number of former operating iron mines and projects currently being developed for iron mining. The pre-NI 43-101 Mineral Resources* are divided amongst 7 of the 15 mineral concessions:

**Historic Mineral Resources* - Fermont Property**

| PROJECT NAME | TONNES | GRADE (% iron) | NUMBER OF DRILL HOLES |
|---|---|---|---|
| MOISE LAKE | 101,000,000 | 30.8 | 65 |
| O'KEEFE-PURDY-AUDREA LAKES | 25,000,000 | 35.5 | 18 |
| BELLECHASSE-MIDWAY | 91,400,000 | 30.0 | N/A |
| FIRE LAKE NORTH | 40,600,00 | 32.0 | 15 |
| AUDREY-ERNIE LAKES | 23,000,000 | 33.2 | 2 |
| BIG THREE LAKES | 25,000,000 | 34.0 | N/A |
| SILICATE-BRUTUS LAKES | 304,000,000 | 29.4 | 18 |
| TOTALS | 610,000,000 | 32.2 | 118 |

* The mineral resources outlined in the preceding table are non-compliant NI 43-101 Mineral Resources since they are historical in nature and should not be relied upon. There is no direct evidence that these numbers or any portion thereof will ever be achieved at any time with further exploration work.

The Moise Lake East mineral concession is adjacent to the east of *Quebec Cartier Mines* Mount Wright producing iron ore mine and it is also located southeast of *Consolidated Thompson Iron Mines Limited's* Bloom Lake Deposit (637.7 million tonnes @ 29.8% iron) that is currently being developed and is expected to produce 7 million tonnes of iron concentrate per year at a grade 66.5% iron (source: *Consolidated Thompson Iron Mines Limited SEDAR filings available at www.sedar.com).*

The O'Keefe-Purdy-Audrea Lakes, Harvey-Tuttle Lakes, Bellechasse-Midway, Midway SE, Oil Can Lake, Don Lake, Fire Lake North, Hope Lake, Hope Lake SW and Cassé Lake mineral concessions tie onto the Quinto Mining Corporation ("Quinto") Claim Group, which owns the Peppler Lake Iron Project containing an estimated 250 million tonnes @ 28.2% iron based on a NI 43-101 Technical Report issued by Quinto in 2006 (source: *Quinto Mining Corporation SEDAR filings available at www.sedar.com*).

All of the iron mineralization on the Fermont Property is linked to magnetite and/or specularite (hematite) iron formations in various proportions. The Fermont Property has received limited historical exploration work; however, the iron formations tend to have positive relief, the iron mineralization and ores are easily recognized visually, and they can be explored using airborne and ground magnetic geophysical surveys. Magnetic highs outline magnetite-rich iron formations, whereas magnetic lows tend to be hematite-rich iron formations and zones of secondary iron enrichment due to near surface oxidation. The historical sizes and iron grades were determined with minimal drilling, as outlined in the above table of historical Mineral Resources, and are not compliant with current NI43-101 standards; accordingly, they cannot and should not be relied upon.

*Acquisition of the Gullbridge Base Metals Property, Newfoundland*

On May 5, 2008, the Company executed a definitive option and joint venture agreement (the "Gullbridge Agreement") with Copper Hill Resources Inc. ("Copper Hill") to acquire an interest in the Gullbridge Base Metals Property (the "Gullbridge Property"), in the Buchans Mining Camp, Newfoundland.

Pursuant to the Gullbridge Agreement, the Company has the option to earn a 51% interest in the Gullbridge Property by paying Copper Hill C$ 30,000 over a three year period, issuing common shares of the Company as follows: i) 50,000 common shares within 15 days of the execution of the definitive option agreement, which have been issued ii) 100,000 common shares on the first year anniversary of the option agreement, and ii) 150,000 common shares on the second year anniversary of the option agreement; and completing C$800,000 in exploration work on the Property over a 3 year period, whereby C$ 200,000 would be required in each of the first two years, and C$ 400,000 in exploration work would be required for the third year. The Company will have a further option to increase its interest to 75% by funding an additional C$ 700,000 in exploration and issuing an additional 150,000 common shares of the Company within a further 2 year period. The Company would also have the option to increase its interest to 85% by funding all necessary expenditures to completion of a positive bankable feasibility study.

The Gullbridge Property adjoins the Company's National Instrument 43-101 Qualifying Powderhorn Property ("Powderhorn") to the southeast where the Company has completed its second year obligations of a 3 year option to earn a 70% interest.

*Powderhorn Property, Newfoundland*

The Company entered into an option agreement (the "Option Agreement") on June 11, 2006 with Copper Hill to acquire a 70% interest in a mineral exploration property, the Powderhorn Lake Project (the "Powderhorn Property"). The Powderhorn Property consists of a total of 115 claims covering an area of 29 square kilometres situated in the Buchans-Robert's Arm Belt, in Central Newfoundland, Canada. It is approximately 40 km to the NE of, and on strike with, the renowned Buchans Mine Volcanogenic

Massive Sulphide ("VMS") deposits which produced 16.2 million tonnes from 5 ore bodies with average mill head grades of 14.5% Zn, 7.6% Pb, 1.3% Cu, 126 g/t Ag and 1.4 g/t Au (source: J.G. Thurlow, 1990).

Pursuant to the Option Agreement, the Company has the option to acquire a 70% interest in the Powderhorn Property by: i) paying $50,000 which was paid by June 11, 2008; ii) incurring exploration expenditures of $1,000,000 on the Powderhorn Property on or before June 11, 2010 in the following yearly increments: $200,000 by June 11, 2007 and $300,000 by June 11, 2008, which has been incurred, and $500,000 by June 11, 2010, assuming the Company fulfills all of its obligations under the Gullbridge Option Agreement with Copper Hill, otherwise the $500,000 work commitment would be due June 11, 2009; and iii) issuing 600,000 common shares as follows: 100,000 common shares which were issued on November 26, 2006 at a deemed price of $0.20 per common share, 150,000 common shares which were issued on June 11, 2007 at a deemed price of $0.30 per common share, 250,000 common which were issued June 11, 2008 at a deemed price of $0.98 per common share, and 100,000 common shares before June 11, 2009; or upon completion of exploration expenditures required pursuant to the Option Agreement, or promptly after an economic discovery as evidenced by a pre-feasibility study has been made on the Powderhorn Property.

The Powderhorn Property is currently encumbered with a 2.85% Net Smelter Royalty ("NSR"), owned by various parties, of which 1.85% can be purchased by the joint venture participants for $2,300,000 to reduce the NSR to 1.0%.

VMS-style mineralization was discovered on the Powderhorn Property in 1999 along the shores of the Powderhorn Lake, and also along new logging roads which were opened up in the surrounding property. Surface sampling and shallow drilling conducted by Copper Hill and Billiton Resources Canada Inc. ("Billiton") in 1999 and 2001 (average 100m deep) outlined altered and mineralized felsic volcanics, outcropping over an area of 2 by 1 km. Mineralization consists of both exhalative, massive zinc-rich layers with grades up to 9% zinc in chip samples from surface float and feeder-type, copper and gold mineralization assaying up to 3.1% copper and 3.5 g/t Au over 0.5m at a depth of 36m in drill core from one of the holes drilled by Billiton (source: D.H.C. Wilton, March 25, 2002, Geological Report Powderhorn Lake Property). Mineralization is open in all directions.

At the Powderhorn Property, 7 diamond drill holes completed by the Company to-date have intersected stringer-style copper mineralization similar to the Gullbridge Mine and zinc-gold-silver mineralization similar to the Sturgeon River occurrence.

Re-interpretation of the regional geological setting has been enhanced by a June 2007 government airborne magnetic survey. The Company's new geological model suggests that the extensive sedimentary rocks located between the stringer copper mineralization at Gullbridge to the northwest and Powderhorn to the southeast is part of a regional syncline or graben within the Roberts Arm Formation. The prospective horizons for disseminated, stringer-style and massive sulphide accumulations could potentially lay immediately beneath the sedimentary rocks.

The new geological model for the Gullbridge-Powderhorn area is remarkably similar to the prolific Neves Corvo area of the Iberian Pyrite Belt (the "Belt") in Portugal, a similar geological and metallogenic context. The large massive sulphide deposits discovered at Neves Corvo lay beneath sedimentary rocks in a graben/syncline within the Belt. The extremely conductive nature of the overlying sedimentary rocks made the discovery of massive sulphides at Neves Corvo by conventional electromagnetic geophysical methods more difficult. Gravity surveying provided critical data necessary to delineate the prospective horizons, eventually leading to the discovery of World-Class base metal deposits.

The Company is planning to investigate the new geological model for the Gullbridge-Powderhorn area by applying a similar strategy that led to discoveries in the World-Class Neves Corvo base metal deposits. The Company is planning a regional ground gravity survey over the entire Gullbridge Property and the northwest portion of the adjoining Powderhorn Property. The proposed survey will cover 57.5 $km^2$ with stations on 200 m centers that will be in-filled to 75 m to further delineate anomalous areas. Concurrently, the Company will be working to compile and synthesize existing mine and drill hole data, surface geology and structural data for development of a 3-D geological model to compliment the interpretation of the gravity survey results. Target areas identified from the gravity and modeling results will likely be further delineated by deep electromagnetic surveying in preparation for diamond drilling later in 2008.

*Financings*

On October 18, 2007, the Company completed a non-brokered private placement of 690,331 common shares of the Company at a price of $0.45 per share as well as 1,084,000 "Flow-Through Shares" of the Company issued on a "flow-through" basis under the *Income Tax Act* (Canada) at a price of $0.50 per share for total gross proceeds of $852,649.

On December 31, 2007, the Company completed a non-brokered private placement of 1,250,000 common shares of the Company issued on a "flow-through" basis under the *Income Tax Act* (Canada) at a price of $0.60 per share for total gross proceeds of $750,000. In connection with the private placement the Company paid as finder's fees to two arm's length parties an aggregate of 87,500 common shares of the Company at a deemed value of $0.60 per share. The shares issued pursuant to the private placement are subject to a hold period which expires May 1, 2008.

On May 13, 2008 the Company completed of a non-brokered private placement of 3 million units (the "Units") at a price of $0.50 per Unit, for gross proceeds to the Company of C$ 1.5 million. Each Unit consists of one common share and one-half of one common share purchase warrant of the Company (the "Warrants"). Each whole Warrant has a term of 12 months and entitles the holder to purchase one common share at a price of $0.75.

The net proceeds of the private placements will be used for working capital and to finance continued exploration at the Powderhorn, Gullbridge and Fermont properties.

**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 March 31 | | |
|---|---|---|---|
| | **2008** | **2007** | **2006** |
| | **$** | **$** | **$** |
| Revenue | Nil | Nil | Nil |
| Loss | | | |
| Total | 498,277 | 146,116 | 146,116 |
| Per share-basic and fully-diluted | 0.05 | 0.024 | 0.020 |
| Total assets | 2,145,903 | 623,030 | Nil |

**Results of Operations**

***Years ended March 31***

| | **2008** | **2007** |
|---|---|---|
| | **$** | **$** |
| **General and administrative expenses** | | |
| Professional fees | 124,904 | 103,293 |
| Consulting fees | 62,000 | 11,000 |
| Stock-based compensation | 410,345 | - |
| General and office | 84,028 | 31,823 |
| | 681,277 | 146,116 |
| **Loss before income taxes** | (681,277) | (146,116) |
| Future income tax recovery | 183,000 | - |
| **Loss for the period** | (498,277) | (146,116) |

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

a) an increase in stock-based compensation due a change in the stock options granted in the current year.
b) an increase in fees, general and office expenses due to increased activity in the current year.
c) future income tax recovery due related to the renunciation of flow-through expenditures during the current year.

***3 months ended March 31***

| | **2008** | **2007** |
|---|---|---|
| | **$** | **$** |
| **General and administrative expenses** | | |
| Professional fees | (96,364) | 30,190 |
| Consulting fees | 9,500 | 3,500 |
| Stock-based compensation | 410,345 | - |
| General and office | 20,008 | 2,358 |
| | 343,489 | 36,048 |
| **Loss before the undernoted items** | (343,489) | (36,048) |
| Future income tax recovery | 183,000 | - |
| **Loss for the period** | (160,489) | (36,048) |

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

a) a reversal of a provision in the current period for professional fees that is no longer required.
b) an increase in stock-based compensation due a change in the stock options granted in the current year.
c) an increase in general and office expenses due to increased activity in the current year.
d) future income tax recovery due related to the renunciation of flow-through expenditures during the current year.

**Summary of Quarterly Results**

| | Q1 2007 $ | Q2 2007 $ | Q3 2007 $ | Q4 2007 $ | Q1 2008 $ | Q2 2008 $ | Q3 2008 $ | Q4 2008 $ |
|---|---|---|---|---|---|---|---|---|
| Revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Loss | | | | | | | | |
| - Total | 24,371 | 60,351 | 25,346 | 36,048 | 30,811 | 109,791 | 197,187 | 160,489 |
| - Per share | 0.00 | 0.00 | 0.00 | 0.00 | 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.

As at March 31, 2008, working capital was $831,763 (2007-$242,721). 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.

**Related Party Transactions**

For the year ended March 31, 2008, consulting fees includes $42,000 (2007 - $9,000) expensed to companies controlled by one director and one officer of the Company and mineral resource properties included $75,754 (2007 - $42,301) paid or payable to a companies controlled by two directors of the Company. Accounts payable and accrued liabilities includes $9,994 (2007 - $16,775) payable to companies controlled by one director and one officer of the Company.

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

**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 April 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 as held-for-trading; receivable and amounts due from NFX Gold Inc. as loans and receivables; and accounts payable and accrued liabilities and amounts due to related parties as other financial liabilities.

There have been no changes in accounting policies during the year ended March 31, 2008.

**Future Changes in Accounting Policies**

On April 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 April 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 April 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.

**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.

| | Years ended March 31 | |
|---|---|---|
| | **2008** | **2007** |
| | **$** | **$** |
| **General and administrative expenses** | | |
| Professional fees | 124,904 | 103,293 |
| Consulting fees | 62,000 | 11,000 |
| Stock-based compensation | 410,345 | - |
| General and office | 84,028 | 31,823 |
| | 681,277 | 146,116 |

| | **Powderhorn** | **Attikamagen** | **Total** |
|---|---|---|---|
| | **$** | **$** | **$** |
| **Balance, March 31, 2006** | – | – | – |
| Acquisition costs | 50,000 | – | 50,000 |
| Exploration | 220,925 | – | 270,925 |
| **Balance, March 31, 2007** | 270,925 | – | 270,925 |
| Acquisition costs | 55,000 | 160,563 | 215,563 |
| Exploration | 411,076 | 158,700 | 569,776 |
| **Balance, March 31, 2008** | 737,001 | 319,263 | 1,056,264 |

**Shares Outstanding at July 28, 2008.**

***Shares***

Authorized:

Unlimited number of common shares.

Outstanding:

16,112,535 common shares.

***Warrants***

Outstanding:

| **Exercise price** | **Warrants outstanding** | **Expiry date** |
|---|---|---|
| $0.45 | 93,100 | April 18, 2009 |
| $0.75 | 1,680,000 | May 12, 2009 |
| | 1,773,100 | |

***Stock options***

Authorized:

10% of the issued and outstanding common shares at the date of granting, which on July 28, 2008 represents 1,611,253 stock options.

Outstanding:

| Exercise price | Options outstanding | Options exercisable | Expiry date |
|---|---|---|---|
| $0.45 | 1,152,500 | 1,152,500 | January 10, 2013 |
| $0.70 | 325,000 | 325,000 | May 16, 2013 |
| | 1,477,500 | 1,477,500 | |

**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.