

# LA QUINTA RESOURCES CORPORATION

FORM 51-901F – FOR THE QUARTER ENDED JUNE 30, 2006

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## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.1 DESCRIPTION OF BUSINESS

The Board of Directors of LA QUINTA RESOURCES CORPORATION (the “Company”, or “La Quinta”) is pleased to present to its shareholders a summary of the Company’s activities for the quarter ended March 31, 2006, and any other pertinent events subsequent to that date up to and including August 28, 2006.

The following information should be read in conjunction with the un-audited financial statements and related notes, which are prepared in accordance with Canadian generally accepted accounting principles.

The Company is a “reporting” company in the provinces of British Columbia, Alberta and Ontario. Its common shares are listed on the TSX Venture Exchange under the trading symbol “LAQ”. The Company is in the business of exploring for precious metals. The Company’s properties are in British Columbia, Sonora, Mexico and the Democratic Republic of the Congo (“DRC”).

### 1.2 OVERALL PERFORMANCE

The Company has optioned a 60% interest in two gold properties in the Southeastern part of British Columbia, namely the Howell and the Crowsnest properties. Both properties have had extensive previous exploration work by major mining companies and management feel they continue to hold significant uncapped potential.

During the quarter, the Company acquired a property in Sonora, Mexico which has had limited past exploration and continues to hold promise of a near surface open-pit, heap leachable deposit.

Subsequent to the end of the quarter, the Company entered into a Memorandum of Understanding (“MOU”) to form a Joint Venture to explore and develop 7,010 square kilometers of the Twangiza Namoya Gold belt in the eastern Congo. The Company may earn up to an 80% interest in the Joint Venture, with the remaining interest being held by Wa Balengela Kasai-Investments Congo sprl (“WBK”), a Congolese company with extensive experience in mining in the Congo. WBK will be of great assistance to the joint venture with government relations, local liaison and local management and expediting of the DRC projects.

The exploration permits optioned to the Joint Venture are a contiguous group of 32 exploration licenses totaling 7010 square kilometers, abutting and occupying all the ground between Banro

Corporation's (TSX: BAA) Lugushwa and Namoya properties and extending some 120 kilometers to the west. Banro has reported resource estimates on both properties and that both are open along strike and to depth. The exploration permits to be explored by the Joint Venture have a long history of both formal and informal mining, having been extensively mined, mostly for alluvial gold, by BelgiqueOR from the early 1940's to the 1970's when formal mining and exploration ceased. At least six sites of previous mining can be easily identified and artisanal mining continues on much of these target areas today.

Under the terms of the MOU, after a period of successful due diligence review, La Quinta may earn up to 80% in the Joint Venture by expending US\$10.0 million on exploration over the next five years, and over the next three years making cash payments of US\$1.5 million and share issuance of eight million shares. A finder's fee of 500,000 shares is payable in stages. The properties are subject to a 2.5% Net Smelter Royalty.

Beyond the exploration and development success at the Company's properties, there are several factors that could impact the Company going forward, either positively, or negatively. These include the state of the world economy and the demand for metals. Any economic declines would cause metal prices to decline that may negatively impact the value of the Company's exploration properties. These factors are beyond the control of the Company.

### 1.3 SELECTED QUARTERLY INFORMATION

Quarter-Ended	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05	12/31/04
Total Income	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Net Gain ( Loss)	(85,777)	45,805	\$(73,778 )	\$(33,332 )	\$(29,009)	\$(93,394)	\$(42,599)
Net Loss per share.	(0.01)	\$0.01	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.01)

Variances in Net Loss from quarter to quarter are caused by:

- The adoption of an accounting policy to expense stock options compensation added \$44,300 to expenses in the March 31, 2005 quarter.
- The adoption of an accounting policy to reflect the effect of tax deductions lost due to the issuance of flow-through shares lead to the recognition of \$50,717 of future tax recovery in the March 31, 2005 and \$16,056 and \$3,000 of future tax recovery in the June and September quarters.
- Legal expenses increased in the June 05 and September 05 quarters as the listing process was initiated.
- Transfer agent, regulatory and filing fees increased in the March quarter as the Agent for the Company received a corporate finance fee as required by the agency agreement. Further expenses were incurred in the September quarter as the Company paid the requisite listing fees to the Exchange.
- Increased legal, regulatory filing and reporting costs associated with becoming a publicly

traded company were incurred in the December 31, 2005 period.

- The gain shown for the March 31, 2006 quarter is a result of the accounting treatment for flow through shares upon the renouncing of expenditures to our flow through shareholders. Without this accounting item, the loss would have been \$58,205, which is in line with prior quarters.
- The June 06 quarter had increased Geologic property assessment costs related to preliminary investigations of several properties in Mexico.
- The June 06 quarter also had increased shareholder communication expense as the Company began investor relations' activities subsequent to listing on the Exchange.

#### 1.4 RESULTS OF OPERATIONS

The focus on the public listing meant little exploration was conducted in 2005 and the first half of 2006. The Company completed an \$8,700 reconnaissance program on the Crowsnest. The program included re-evaluation of a previous trench, where a chip sample along the full length of a trench intercepted 8.23 g/t over 16.5 meters, and select grab sampling. Results of the 39 samples included a high of 75,724.1 ppb gold with 7245 ppm copper and 86.6 ppm tellurium. The arithmetic averages of the samples were 4,194 ppb gold, 366 ppm copper and 4.5 ppm tellurium. The purpose of the program was to better understand the orientation of the mineralisation in the discovery trench and allowed for the planning of the recently completed \$100,000 exploration program for 2006 consisting of further trenching in the area of interest. This program was completed subsequent to quarter end and results are still pending. Several hundred metres of excavator trenching was completed and several hundred samples submitted for assay. A camp consisting of a number of plywood platforms and plywood walls with removable canvas tents was constructed for the current program and in anticipation of future work Assays will be announced once received with compiled descriptions of the trenches.

On the Howell property, some additional claims were added to the property bringing the current claim holding to 4,760 hectares. The exploration camp, from which drilling will occur and which is similar to the one constructed at Crowsnest, was operational by the last week of July and drill site construction, using an excavator, started in mid August. The drilling contractor has advised the Company that he expects to commence drilling by the end of August. The Company anticipates that once started drilling will take approximately six weeks to complete.

On May 3, 2006, the Company acquired an option to earn a 100% interest in the Orofino property near Hermosillo, Sonora, Mexico. The Orofino property totals some 4,844 HA and has at least six major surface gold occurrences. These areas have been worked for high grade gold in the past and the vendors of the property have heaped leached about 60,000 tonnes of broken mineralized material that was reported to have contained up to 7.0 g/t gold, giving a clear indication of the potential of the project area.

The Company is completing its diligence on the property and prepared a 43-101 report. Subject to financing and other priorities, a modest exploration program of \$150,000 US is budgeted for later in 2006.

## 1.5 LIQUIDITY AND CAPITAL RESOURCES

The Company is in the mineral exploration and development business and is exposed to a number of risks and uncertainties inherent in the resource exploration and extraction industry. This activity is capital intensive at all stages and subject to the fluctuations in commodity prices, market sentiment, currencies, inflation and other risks. The Company currently has no sources of revenue, and relies primarily on equity financings to fund its exploration, development and administrative activities. Material increases or decreases in liquidity will be substantially determined by the success or failure of its exploration and development activities, as well as its continued ability to raise capital. The Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future, other than normal expected operating and administrative costs.

On August 25, 2006, the Company completed a private placement, subject to final regulatory approval, of 2,415,000 units at a price of 0.20 per unit, raising \$483,000. Proceeds of the placement are for general working capital, exploration in Mexico and acquisition of new properties. As of the date of this management discussion and analysis, after the late August financing, the Company has a working capital surplus of approximately \$875,000.

Our current working capital commitments include \$8,000 per month for management and consulting fees. Additional general and administrative costs are budgeted at approximately \$12,600 per month. Total general and administrative costs for the balance of 2006 are budgeted to be \$150,000.

The Company's current property payments and budgeted work commitments for the remainder of fiscal 2006 are summarized as follows:

	Howell	Crowsnest	Orofino
Property payment	\$12,500 (made)	\$17,500 (made)	\$35,000 US (made)

Budgeted exploration costs	\$364,500	\$100,000 (done)	\$150,000 US
Total net cash requirements	\$364,500	\$nil	\$150,000 US

Given the current working capital of \$875,000, the Company will require additional funding prior to December 31, 2006 in order to maintain and expand its property interests and continue with a sensible and measured program of exploration on the current properties and new properties considered by management to be worthy.

As an alternative source of funding, the Company has 775,000 stock options and 394,390 agent's

options exercisable at \$0.25 as well as 1,207,500 warrants exercisable at \$0.30 and 2,820,000 warrants exercisable at \$0.40. Exercising of warrants and options could provide the Company with up to \$1,782,745 of additional funding, which may form a significant part of any funds raised during this period.

#### 1.6 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements at the time of this management discussion and analysis.

#### 1.7 RELATED PARTY TRANSACTIONS

The Company has an ongoing contract with the President that he be paid \$5,000 per month for management services. An officer of the Company receives \$1,000 per month for record-keeping services.

There are no other related party contracts.

#### 1.8 FINANCIAL INSTRUMENTS

At this time all the Company's financial instruments have short (less than 3 months) periods to maturity. The Company does not at this time have any hedging or other commodity risk control strategies in place.

#### 1.9 CRITICAL ESTIMATES

In expensing incentive stock options we have estimated a risk free interest rate of 2.75%, a dividend yield of 0%, an expected option life of 5 years with a stock price volatility of 119 %.

In calculating the future tax benefit realized on the sale of flow through shares a tax rate of 34% was used.

The Company annually reviews the carrying value of its properties, which are currently unproven, by reference to the timing of exploration and development work, the work programs and the results achieved on the project. Where impairment occurs a charge to earnings would be made. It should be noted that the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to bring the reserves into production, and upon future profitable production or proceeds from the disposition of properties. The amount shown represents net costs to date, less amounts depleted or written off and amounts realized from option payments received, and does not necessarily represent present or future values.

## 1.10 ACCOUNTING POLICIES

The Company adopted Accounting Guideline 15 (ACG 15) (Consolidation of Variable Interest Entities) effective November 1, 2004. The adoption of ACG 15 has not had a material impact on the Company.

The Company has adopted a disclosure control policy, which has been evaluated by management and found to be satisfactory in ensuring that this MD&A contains all material information about the Company.

The Company records stock option compensation expense using the Black–Scholes option pricing method.

The Company has adopted the recommendation of the Emerging Issues Committee of the CICA on flow-through shares, which requires recognition of the foregone tax benefits at the time of renouncement, provided there is reasonable assurance the expenditure will be incurred.

Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com). And at the Company's web site at [www.La Quintaresources/com](http://www.LaQuintaresources.com)

1.11 ADDITIONAL INFORMATION FOR VENTURE ISSUER'S WITHOUT SIGNIFICANT REVENUE

EXPENDITURES MADE IN THE QUARTER ON MINERAL PROPERTIES

**Howell Property, British Columbia**

	2006	2005
	\$	\$
Acquisition Costs		
Opening balance	14,598	4,500
Option payments	-	-
Closing balance	14,598	-
Exploration Costs		
Opening balance	108,088	102,292
Reports, maps, fees and licenses	-	1,200
Closing balance	108,088	103,492

**Crowsnest Property, British Columbia**

	2006	2005
	\$	\$
Acquisition Costs		
Opening balance	29,540	12,000
Option payments	-	-
Closing balance	29,540	12,000
Exploration Costs		
Opening balance	17,589	8,341
Claim maintenance fees	-	161
Reports, maps, fees and licenses	-	963
Closing balance	17,589	9,465

1.12 ADDITIONAL INFORMATION FOR VENTURE ISSUER'S WITHOUT SIGNIFICANT REVENUE (con't)

**Orofino Property, Sonora, Mexico**

	2006	2005
	\$	\$
<b>Acquisition Costs</b>		
Opening balance	-	-
Option payments	46,201	-
Closing balance	46,201	-
<b>Exploration Costs</b>		
Opening balance	-	-
Engineering	5,200	-
Closing balance	5,200	-

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
<b>EXPENSES</b>				
Bank charges and interest	12	-	96	-
Geological property assessments	16,140	-	35,037	-
Management fees	15,000	15,000	30,000	30,000
Office and miscellaneous	2,729	126	4,025	660
Professional fees	15,725	17,700	24,725	23,700
Rent	5,134	2,571	5,942	5,902
Shareholder communication	23,350	-	24,424	-
Stock based compensation	-	-	-	44,300
Transfer, regulatory and sponsorship fees	7,687	9,631	14,099	37,326
Travel	-	-	5,634	2,155
<b>Loss before Income Taxes</b>	(85,777)	(45,045)	(143,982)	(144,111)
<b>Future Income Tax Recovery</b>	-	16,036	102,010	50,717
<b>Loss for the period</b>	(85,777)	(29,009)	(41,972)	(93,394)
<b>Deficit, beginning of period</b>	(228,307)	(106,984)	(272,112)	(42,599)

<b>Deficit, end of period</b>	(314,084)	(135,993)	(314,084)	(135,993)
<b>Basic and fully diluted earnings per share</b>	(0.01)	(0.01)	(0.00)	(0.02)
<b>Weighted average number of shares outstanding during the period</b>	9,238,000	5,255,000	9,238,000	5,255,000

1.12 ADDITIONAL INFORMATION FOR VENTURE ISSUER'S WITHOUT SIGNIFICANT REVENUE (con't)

Schedule of Share Capital

	As of the date of this Management Discussion and Analysis
Common Shares outstanding	11,653,000
Options outstanding	775,000
Warrants outstanding	4,422,240
Fully diluted share capital	16,850,240