

# LA QUINTA RESOURCES CORPORATION

FORM 51-901F – FOR THE QUARTER ENDED MARCH 31, 2007

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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, 2007, and any other pertinent events subsequent to that date up to and including May 29, 2007.

The following information should be read in conjunction with the unaudited 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 - Canada, Sonora - Mexico and the Maniema – South Kivu Gold Belt in the Democratic Republic of the Congo (“DRC”).

### 1.2 OVERALL PERFORMANCE

The Company originally 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.

In the second quarter of 2006 the Company acquired a group of properties covering some 5,000 hectares in the Sonora gold belt, Mexico which has had limited past exploration and holds significant promise of near surface open-pit, heap leachable gold deposits. The Company is actively exploring these properties at this time.

In the third quarter of 2006, the Company entered into a Memorandum of Understanding (“MOU”) to form a Joint Venture to explore and develop 7,010 square kilometres of the Maniema – South Kivu 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 totalling 7,010 square kilometres, abutting and occupying all the ground between Banro Corporation’s (TSX:BAA) Lugushwa and Namoya properties and extending some 150 kilometres to the west. The permits 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, currently underway, 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 550,000 shares is payable in stages. The properties are subject to a 2.5% Net Smelter Royalty.

In October 2006, a Congolese registered company commenced an action in the British Columbia courts over the Congo acquisition claiming to have an existing agreement, or protocol with WBK. La Quinta will be defending the lawsuit. No amount has been recognized on the Company's books with respect to this lawsuit, as its outcome is undeterminable at this time.

As a consequence of this action, the Company suspended due diligence work and requested that WBK clear title in Congo. WBK subsequently applied to the Commercial Court of the DRC to have the earlier protocol between the Congolese registered company and WB Kasai dated 29th September 2005 declared invalid.

On the 13th of March, the Commercial Court in Congo found in favour of WBK and against the Congolese registered company and declared that the 2005 Protocol was null and void. WBK has been informed that the Congolese mining Company has appealed this decision.

In January 2007, the Company signed a separate Memorandum of Understanding to lease the mining and exploration rights on the Kampene Gold Project covering 34 square Kilometres of the Maniema – South Kivu Gold belt in the eastern Congo. On 13th of April 2007, LAQ signed a formal lease agreement replacing this MOU with AMIKI, allowing exploration to commence on Kampene immediately. The Kampene project is a former gold producer owned since 1982 by Association Minier de Kivu sprl (AMIKI.) which will be explored and developed by LAQ Congo sprl, a JV Company in which LAQ will own 80% and LAQ's Congolese partners, Wa Balengela Kasai Investments sprl ("WBK") will own 20%. The project is subject to a 1.5% NSR and an annual rental of US\$100,000, with a buy out provision for US\$2 million after 5 years.

LAQ commenced work on the Kampene Project in April 2007, while at the same time it is working to complete the due diligence on the much larger 32 claim area and on completion of the Appeal process in DRC, will apply to have the Congolese Company Lawsuit against LAQ here in BC dismissed by virtue of the Commercial Court's decision in Congo that no contract exists between the Congolese Company and WB Kasai.

On April 18<sup>th</sup> 2007, the Company announced a non brokered Private Placement to provide up to \$2.5 million in equity financing for the Company's ongoing exploration efforts and general working capital. The placement consisted of 5,070,000 units at a price of \$0.50 per unit and raised gross proceeds of \$2,535,000 each unit consists of one common share and one-half share purchase warrant. One full warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of \$0.70 for a period of twelve months from the closing (May 7, 2008.) The Placement was fully subscribed and closed on May 8<sup>th</sup>, 2007.

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.

## SUMMARY OF QUARTERLY RESULTS

|                                   | <b>QUARTER ENDED</b> |                      |                     |                  |
|-----------------------------------|----------------------|----------------------|---------------------|------------------|
|                                   | JUNE 30<br>2006      | SEPTEMBER 30<br>2006 | DECEMBER 31<br>2006 | MARCH 31<br>2007 |
| Total revenues                    | \$ -                 | \$ -                 | \$ -                | \$ -             |
| Net income (loss) for the period  | \$ (85,777)          | \$ (175,780)         | \$ (198,581)        | \$ (347,610)     |
| Basic net income (loss) per share | \$ (0.01)            | \$ (0.01)            | \$ (0.01)           | \$ (0.02)        |

|                                   | <b>QUARTER ENDED</b> |                      |                  |                  |
|-----------------------------------|----------------------|----------------------|------------------|------------------|
|                                   | JUNE 30<br>2005      | SEPTEMBER 30<br>2005 | DECEMBER<br>2005 | MARCH 31<br>2006 |
| Total revenues                    | \$ -                 | \$ -                 | \$ -             | \$ -             |
| Net income (loss) for the period  | \$ (29,009)          | \$ (33,332)          | \$ (73,778)      | \$ 43,805        |
| Basic net income (loss) per share | \$ (0.01)            | \$ (0.01)            | \$ (0.01)        | \$ 0.01          |

### 1.3 RESULTS OF OPERATIONS

The company incurred a net loss of \$347,610 for the quarter ended March 31, 2007 and has a working capital surplus of \$789,007 at March 31, 2007, compared to a net income of \$48,305 in first quarter 2006 and a working capital surplus of \$916,127 at December 31, 2006

The Company was significantly more active during the first quarter of 2007, particularly in Mexico on its Sonora gold belt property and in Property acquisition in democratic Republic of Congo, where it completed the bulk of the technical and due diligence work necessary to complete the acquisition of the Kampene project. This is reflected in the increased costs of operation incurred during the quarter, year on year, in all expense categories in addition to ongoing maintenance fees.

The most significant increases in costs during the first quarter 2007 when compared with the similar period in 2006 were as follows:

Management fees increased to \$41,282 from \$15,000 as additional management time and effort were required to cover the increased spread of the Company's exploration activities increasing the management fees.

Office and miscellaneous expenses increased to \$6,206 from \$1,294 as a result of general increased corporate activity.

Professional fees increased to \$19,683 from \$9,000 as a result of increase legal fees associated with the Company's Mexican operations.

Property Investigation costs increased to \$34,355 from \$18,897 as the Company incurred due diligence costs during the quarter on properties which were not eventually acquired by the Company.

Rent increased to \$30,626 from \$808 as a result of the Company entering into a five year lease during the later part of fiscal 2006 and taking on additional space allowing for the future expansion of the Company.

Shareholder communications costs increased to \$53,047 from \$1,074 as a result of increased investor relations activity and the contracting of staff to perform investor relations activities.

Stock based compensation charges increased to \$108,100 from \$nil due to the Company recording the fair value of stock options grants which vested during the period.

Salary costs increased to \$14,074 from \$nil as a result of employing administrative staff in the Company head office.

Telephone expenses increased to \$5,461 from \$nil as a result of increased corporate activity.

Travel and entertainment increased to \$24,757 from \$5,634 as a result of significantly increased travel costs associated with due diligence on properties and increased international travel as a result of the property holdings in Mexico and the Congo.

Interest received increased to \$5,697 from \$nil for the comparative three month period as the Company derived significant cash balances from the financings undertaken during the later part of the prior year.

During the three month period ended March 31, 2007 there was no renunciation of flow through financings. In the comparative three month period of 2006 the Company recorded a recovery of future income taxes amounting to \$102,010 as a result of the renunciation of flow through financings.

#### 1.4 DESCRIPTION OF OPERATIONS

The focus on the public listing meant little exploration was conducted in 2005 and the first half of 2006. Subsequently, the Company completed a significant exploration program on the Crowsnest and Howell

Properties located in south-eastern British Columbia in 2006,

During the first quarter 2007, little work was conducted on the BC properties beyond interpretation and review of the 2006 exploration program. No work is planned on these properties in the immediate future as access to the properties is severely hampered by winter weather and location.

On June 23, 2006, the Company acquired an option to earn a 100% interest in the La Virgen/Sanson property (formerly Orofino) near Hermosillo, Sonora, Mexico. The La Virgen/Sanson property totals some 5,000 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 heap 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.

A modest exploration program of \$200,000 US is currently underway having started in January 2007. Work has included surface mapping, sampling, bulldozer trenching and a program of target generation around existing and new gold occurrences. This program will lead to a program of Reverse Circulation (R/C) drilling most probably commencing in June 2007, subject to the results of the current program and appropriate funding.

During the last quarter of 2006, the Company conducted a further review and site visit of the Congo exploration permits and other potential Congo acquisitions. The Company has contracted for a 43-101 report on the larger 32 claim area and is currently completing an independent geological report on the Kampene Project. La Quinta has received a formal notice of extension of the due diligence period on the 32 claim block belonging to WBK because of the lawsuit detailed in Section 1.2.

The Company closed the acquisition of the Kampene property after the end of the quarter and is currently working to mobilise geological staff and equipment to the property to commence a program of surface mapping and sampling, to be followed by trenching and diamond drilling of appropriate targets. The Company continues to work on the acquisition of the larger 32 claim area which is held up due to litigation in the DRC between the underlying mineral rights holder and another Congolese mineral Company.

## 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 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 and closing the option of the Company's Mexican gold property. On November 10, 2006 the Company closed a placement of 3,120,000 units at \$0.40 per unit raising an additional \$1,248,000. Proceeds of this placement are targeted for the Congo exploration licences of other Congo assets that may be acquired by the La Quinta-WBK Joint Venture. On April 18th, 2007, the Company announced that it had agreed a non brokered private placement for \$2,250,000 for sale to accredited investors. The terms of the private placement were for the sale of 4.5 million units consisting of one share and one half share purchase warrant for a unit price of 50 cents (\$0.50) per unit. Two half share purchase warrants entitle the holder to purchase one share in the Company at an exercise price of 70 cents (\$0.70) per full share purchase warrant. Warrants will be exercisable up to twelve months after the date of closure of the placement. The amount of the non brokered private placement was subsequently increased to \$2,560,000 on 27th of April 2007 to cater for over subscription. No other terms were changed. This Placement closed on May 8<sup>th</sup> 2007 having been fully subscribed.

Eight percent (8%) finders fees were paid to accredited brokers or financial institutions. Eight percent (8%) finders fee warrants were also granted to accredited brokers or financial institutions at an exercise price of 70 cents per share; exercisable up to twelve months from the date of closure of the placement (May 7<sup>th</sup> 2008.) Assuming sale of all the units and exercise of the associated warrants, then the Company could expect to receive up to \$4 million in net proceeds of this funding plus other unexercised warrants within 1 year of this issue. The Company will use the funds for exploration expenditures in DRC, Mexico and general working capital.

The Company's current working capital commitments include \$40,000 per month for management and consulting fees. Additional general and administrative costs are budgeted at approximately \$22,000 per month. Other general and administrative costs for the balance of 2007 are budgeted to be \$188,000. This amount is higher than that incurred during the year ended December 31, 2006 in which total administrative and office expenditures were \$293,495, as with the increased number of properties in the Companies portfolio and work commencing in DRC, the Company had to increase staffing and other costs in order to properly manage its affairs.

The Company's current property payments and budgeted work commitments for fiscal 2007 are summarized as follows:

|                             | Howell   | Crowsnest | Mexico       | DRC            |
|-----------------------------|----------|-----------|--------------|----------------|
| Property payment            | \$20,000 | \$20,000  | \$65,000 US  | \$225,000 US   |
| Budgeted exploration costs  | \$nil    | \$nil     | \$450,000 US | \$1,750,000 US |
| Total net cash requirements | \$20,000 | \$20,000  | \$515,000 US | \$1,975,000 US |

Given the current working capital of \$798,007, additional funding may be required 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.

#### 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 management contract with the Senior Vice-President of the Company for management services and is required to pay up to \$10,000 per month under the terms of the contract. The contract expires January 31, 2009.

The Company has an ongoing management contract with an officer and Director of the Company for management services and is required to pay up to \$15,000 per month under the terms of the contract. The contract expires January 31, 2009.

Pursuant to the management contracts the Company was charged \$76,029 during the three month period ended March 31, 2007. The Company recorded \$41,282 of this amount as management fees and \$33,847 as property investigation costs.

The Company has also been charged or accrued deferred exploration expenditures of \$18,414 due to a Company with a common director.

There are no other related party contracts.

#### 1.8 FINANCIAL INSTRUMENTS

As at March 31, 2007 the Company's financial instruments consist of cash and cash equivalents, short term investments, amounts receivable, exploration advances and accounts payable and accrued liabilities. The fair value of these financial instruments approximate carrying value since they are short term in nature and are receivable or payable on demand.

## 1.9 FIRST QUARTER

|  | <b>THREE MONTHS ENDED<br/>MARCH 31</b> |                  |
|--|--|------------------|
|  | <b>2007</b>                            | <b>2006</b>      |
| <b>Expenses</b>                                      |  |                  |
| Amortization   | \$ 1,560                               | \$ -             |
| Bank charges and interest                            | 689                                    | 84               |
| Consulting   | 212                                    | -                |
| Management fees                                      | 41,282                                 | 15,000           |
| Office and miscellaneous                             | 6,206                                  | 1,294            |
| Professional fees                                    | 19,683                                 | 9,000            |
| Property investigation                               | 34,355                                 | 18,897           |
| Rent   | 30,626                                 | 808              |
| Salaries   | 14,074                                 | -                |
| Shareholder communications                           | 53,047                                 | 1,074            |
| Stock based compensation                             | 108,100                                | -                |
| Telephone  | 5,461                                  | -                |
| Transfer and regulatory fees                         | 13,256                                 | 6,414            |
| Travel and entertainment                             | 24,757                                 | 5,634            |
| <b>Loss Before The Following Item</b>                | <b>(353,307)</b>                       | <b>(58,205)</b>  |
| Interest income                                      | 5,697                                  | -                |
| <b>Loss Before Income Taxes</b>                      | <b>(347,610)</b>                       | <b>(58,205)</b>  |
| <b>Future Income Tax Recovery</b>                    | <b>-</b>                               | <b>102,010</b>   |
| <b>(Loss) Net Income For The Period</b>              | <b>(347,610)</b>                       | <b>43,805</b>    |
| <b>Basic And Diluted Loss Per Share</b>              | <b>\$ (0.02)</b>                       | <b>\$ (0.01)</b> |
| <b>Weighted Average Number Of Shares Outstanding</b> | <b>15,908,205</b>                      | <b>9,238,000</b> |

The loss for the quarter ended March 31, 2007 was \$347,610 compared to realizing net income of \$43,805 for the 2006 comparative period. The main reasons for the increase in the loss were an increase in property investigation costs to \$34,355 from \$808; an increase in travel expenses to \$24,757 from \$5,634; and an increase in telecommunications costs to \$5,461 from \$nil. These increases were the result of the Company actively pursuing properties to explore and develop. Management fees increased to \$41,282 from \$15,000 as a result of new contracts coming into being in the later part of 2006.

Also Stock based compensation increased to \$108,100 from \$nil as a result of the Company recording the fair value of stock options granted and vesting during the period. Salaries increased to \$14,074 from \$nil as a result of employing administrative assistants in the Vancouver and Mexican offices of the Company.

As a result of increased investor relations activity and Corporate financing activity Shareholder communications costs increased to \$53,047 from \$1,074. Office and administrative expenses increased to \$6,206 compared to \$1,294 as a result of the Company being more active in the current period compared to the prior year.

#### 1.10 CRITICAL ESTIMATES

We have estimated the following weighted average amounts when using the Black-Scholes stock option pricing model in calculating the fair value of options granted during the period; risk free interest rate of 4.0%, a dividend yield of 0%, an expected option life of 3.9 years with a stock price volatility of 80.48 %.

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.

#### 1.11 ACCOUNTING POLICIES

The Company adopted three new accounting policies on January 1, 2007 on a prospective basis with no restatement of prior period financial statements as follows:

(i) Financial Instruments – Recognition and Measurement

In accordance with this new standard the Company now classifies all financial instruments as either held to maturity, available for sale, held for trading or loans and receivables. Financial assets classified as held to maturity, loans and other receivables and financial liabilities other than those held for trading are measured at amortized cost. Available for sale financial instruments are measured at fair value with unrealized gains and losses recorded in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the income statement for the period.

(ii) Comprehensive Income

The standard introduces the concept of comprehensive income, which consists of net income and other comprehensive income. The Company financial statements now include a Statement of Comprehensive Income, which includes the components of comprehensive income. For the Company, other comprehensive income (“OCI”) is comprised of changes in the foreign currency translation adjustments arising on the consolidation of foreign operations.

Cumulative changes in OCI are included in Accumulated Other Comprehensive Income (“AOCI”), which is presented as a new category within shareholders equity in the Balance Sheet.

(iii) Hedges

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. As at March 31, 2007 the Company has not designated any hedging relationships.

The adoption of these new accounting standards did not have a material impact on the interim financial statements of the Company.

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

1.12 ADDITIONAL INFORMATION FOR VENTURE ISSUER'S WITHOUT SIGNIFICANT REVENUE

EXPENDITURES MADE IN THE QUARTER ON MINERAL PROPERTIES

**Howell Property, British Columbia**

|                                  | <b>THREE MONTHS ENDED</b> |         |
|----------------------------------|---------------------------|---------|
|                                  | <b>MARCH 31,</b>          |         |
|                                  | 2007                      | 2006    |
|                                  | CDN \$                    | CDN \$  |
| Acquisition Costs                |                           |         |
| Opening balance                  | 31,520                    | 14,598  |
| Option payments                  | -                         | -       |
| Closing balance                  | 31,520                    | 14,598  |
| Exploration Costs                |                           |         |
| Opening balance                  | 471,587                   | 108,088 |
| Administration                   | -                         | -       |
| Assay costs                      | -                         | -       |
| Drilling costs                   | -                         | -       |
| Engineering                      | 5,784                     | -       |
| Exploration advances             | -                         | -       |
| Field and camp costs             | -                         | -       |
| Geophysical costs                | -                         | -       |
| Reports, maps, fees and licenses | -                         | -       |
| Travel                           | -                         | -       |
| Closing balance                  | 477,371                   | 108,088 |

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

**Crowsnest Property, British Columbia**

|                                  | <b>THREE MONTHS ENDED</b> |        |
|----------------------------------|---------------------------|--------|
|                                  | <b>MARCH 31,</b>          |        |
|                                  | 2007                      | 2006   |
|                                  | CDN \$                    | CDN \$ |
| Acquisition Costs                |                           |        |
| Opening balance                  | 54,399                    | 29,540 |
| Option payments                  | -                         | -      |
| Closing balance                  | 54,399                    | 29,540 |
| Exploration Costs                |                           |        |
| Opening balance                  | 148,252                   | 17,589 |
| Administration                   | -                         | -      |
| Assays                           | -                         | -      |
| Engineering                      | -                         | -      |
| Exploration advances             | -                         | -      |
| Field and camp costs             | 9,212                     | -      |
| Claim maintenance fees           | -                         | -      |
| Reports, maps, fees and licenses | 628                       | -      |
| Travel                           | -                         | -      |
| Closing balance                  | 158,092                   | 17,589 |

**La Virgen/Sanson Property, Sonora, Mexico (formerly Orofino)**

|                   | <b>THREE MONTHS ENDED</b> |        |
|-------------------|---------------------------|--------|
|                   | <b>MARCH 31,</b>          |        |
|                   | 2007                      | 2006   |
|                   | CDN \$                    | CDN \$ |
| Acquisition Costs |                           |        |
| Opening balance   | 89,138                    | -      |
| Option payments   | -                         | -      |
| Closing balance   | 89,138                    | -      |
| Exploration Costs |                           |        |
| Opening balance   | 28,040                    | -      |
| Engineering       | 89,311                    | -      |
| Reports and maps  | -                         | -      |
| Travel            | -                         | -      |
| Closing balance   | 117,351                   | -      |

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

**Maniema – South Kivu Gold Belt, Congo**

|                   | <b>THREE MONTHS ENDED</b> |          |
|-------------------|---------------------------|----------|
|                   | <b>MARCH 31,</b>          |          |
|                   | 2007                      | 2006     |
|                   | CDN \$                    | CDN \$   |
| Acquisition Costs |                           |          |
| Opening balance   | 84,120                    | -        |
| Option payments   | -                         | -        |
| Closing balance   | <u>84,120</u>             | <u>-</u> |
| Exploration Costs |                           |          |
| Opening balance   | 287,702                   | -        |
| Administration    | 3,126                     | -        |
| Assays            | 3,479                     | -        |
| Engineering costs | -                         | -        |
| Closing Balance   | <u>294,307</u>            | <u>-</u> |

**Kampene – South Kivu Province, Congo**

|                   | <b>THREE MONTHS ENDED</b> |          |
|-------------------|---------------------------|----------|
|                   | <b>MARCH 31,</b>          |          |
|                   | 2007                      | 2006     |
|                   | CDN \$                    | CDN \$   |
| Acquisition Costs |                           |          |
| Opening balance   | -                         | -        |
| Option payments   | -                         | -        |
| Closing balance   | <u>-</u>                  | <u>-</u> |
| Exploration Costs |                           |          |
| Opening balance   | -                         | -        |
| Assays            | 3,479                     | -        |
| Engineering costs | -                         | -        |
| Lease payments    | 117,800                   | -        |
| Closing Balance   | <u>121,279</u>            | <u>-</u> |

### 1.13 SCHEDULE OF SHARE CAPITAL

|                             | As of the date of this Management Discussion and Analysis |
|-----------------------------|---|
| Common Shares outstanding   | 21,735,580  |
| Options outstanding         | 1,670,000   |
| Warrants outstanding        | 4,400,600   |
| Fully diluted share capital | 27,806,180  |

### 1.14 DISCLOSURE CONTROLS AND PROCEDURES

As at March 31, 2007, the Company carried out an evaluation of the effectiveness of its disclosure controls and procedures as required by Canadian securities laws. Based on this evaluation, management has concluded that the Company's disclosure control and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in Canada.

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).