

## MAUDORE Minerals Ltd

### Management Discussion and Analysis of Financial Position and Operating Results For the first quarter ending March 31, 2005

The management's discussion and Analysis provides a discussion and analysis of our financial condition and results of operations to enable a reader to assess material changes for the year ended December 31, 2004 to those of the comparative year. This report is intended to complement and supplement financial statements. It should be read in conjunction with our audited annual financial statements and notes thereto. Our financial statements and this management report are intended to provide investors with reasonable basis for assessing our result of operation and our financial position.

Our financial statements, prepared in accordance with Canadian generally accepted accounting principles, and all dollar amounts in this management report are expressed in Canadian dollars.

#### Results of Operations

For the three-month period ending March 31, 2005, the Company has recorded a net loss of \$4,363 (\$0.001 per share) as compared to a net loss of \$ 36,254 (\$0.008 per share) for the three-month period ending March 31, 2004. There was no salary paid during the first period of 2005, as compared to a salary figure of \$15,421 during the same period in 2004. In 2004, there was an expense of \$17,160 as stock based compensation that was recorded following stock options granted. There was no travelling expenses incurred in the first quarter of 2005. The increase in professional and contractual fees reflects the Company's decision to hire external consultants to insure the maintenance and continuity of financial information. The future income tax credit of \$29,887, as compared to \$15,795 in 2004, had an impact on the reduction of the net loss figure for 2005.

#### ANNUAL INFORMATION

(audited)

Years ended December 31,	2004	2003	2002
	\$	\$	\$
Revenus	600	18,901	52,784
Net loss	(98,079)	(271,684)	(312,640)
Basic and diluted net loss per share	(0.032)	(0.076)	(0.092)
Total assets	1,881,908	1,768,363	1,911,020

Administrative expenses have increased from \$203,190 in 2003 to \$243,112 in 2004, due to the stock based compensation of \$115,200 (\$56,450 in 2003 ) that was recorded. The other main charges incurred were professional and contractual fees for an amount of \$37,982 (\$35,649 in 2003) directors compensation for \$11,500 and shareholders information and registration fees for an amount of \$24,982 (\$38,439 in 2003). Travelling expenses were reduced considerably in 2004, \$5,904 as compared to \$19,735 in 2003, where costs were incurred following promotional expenditures in Europe.

In 2002, the Company obtained a grant from the Quebec Department of Natural Resources for working capital purposes and exploration expenses on the Comtois property. An amount of \$50,437 was recorded to revenues in year 2002 and none in year 2003 relating to this grant. The Company has charged consulting fees for an amount of \$18,714 in 2003 and none in 2002 and 2004.

In 2002, the Company has written-off exploration expenses and mining properties following the abandonment of properties for a total of \$221,795 and for an amount of \$280,426 in 2003. The variation of future income tax following the write-off of mining assets also had an impact on the net loss figures for the previous years. Accordingly, the Company has recorded future tax credits of \$144,433 in 2004, \$193,031 in 2003 and \$104,797 in 2002. As at December 31, 2004, total assets amounted to \$1,881,908 as compared to \$1,768,363 as at December 31, 2003. A private financing realised during the last quarter represents the main variation in assets. As at December 31, 2004, working capital was at \$144,530 including a cash of \$197,110 as compared to \$25,009 in 2003 with a cash balance of \$57,351.

#### QUATERLY RESULTS (Unaudited)

	2005	2004				2003		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues		-	224	324	-	6 836	65	12 000
Net loss	(4,363)	(45,960)	(5,454)	(10,401)	(36,254)	(5,020)	(160,239)	(73,106)
Basic and diluted net loss per share	(0.001)	(0,019)	(0,000)	(0,000)	(0,001)	(0,000)	(0,008)	(0,003)

The main items that had an effect on the net loss figures for the first quarter of 2005 were the shareholders information and registration fees of \$10,295 relating to the diffusion of financial information and a future income tax credit of \$16,958. The increase in the net loss figure during the fourth quarter of 2004, is partly due to an amount of \$98,040 that was recorded as stock base compensation and the directors compensation for \$11,500. The other administrative expenses were reduced considerably, with no salary expenses. The future income tax credits of \$101,811 also contributed to the reduction of the net loss. The decrease in net loss during the third quarter of 2004 is due to the decrease in salaries and other administrative expenses, which have been kept at the lowest. The decrease between Q2-2004 and Q1-2004 is mainly due to the stock based compensation expenses relating to the options granted in the first quarter of 2004 for an amount of \$17,000.

In the first quarter, the Company has incurred \$4,971 in exploration work on the Comtois property. The main expenses engaged were general exploration expenses for \$2,104 and rental fees for \$1,952.

#### RELATED PARTY TRANSACTIONS

As at March 31, 2005, legal fees of \$3,640 (\$590 as at March 31, 2004) have been incurred from a law firm of which a lawyer is also an officer of the Company. An amount of \$2,500 is included in accounts payable and accrued charges following these transactions.

The above transactions occurred within the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

#### FINANCING RESOURCES AND DATA ON CAPITAL STOCK

The financial resources available are the issuance of common shares by prospectus or private financings. There was no transaction on share capital for the first quarter.

The capital stock of the Company is composed of an unlimited number of common shares of which 5,799,315 were issued and outstanding as at March 31, 2005.

For the first quarter ended March 31, 2005, there was no grant and no exercise of stock options of the Company.

## **FINANCIAL POSITION**

	<b>March 31, 2005</b>	<b>December 31, 2004</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	174,252	197,110
Mining properties and deferred exploration expenditures	1,680,141	1,675,170
Total assets	1,864,756	1,881,908
Convertible debentures	146,549	146,549
Capital stock	4,637,688	4,640,172

As at March 31, 2005 the working capital of the Company was at \$129,456 (\$144,530 as at December 31, 2004)

The exploration and development of the Comtois property may require additional financing. In the past, the Company was able to rely on its financial capacity to raise public and private financings. The convertible debentures included in long term liability are convertible in common shares of the Company and will not require any cash disbursement at maturity.

## **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The Comtois property is subject to certain royalties and agreements. Refer to note 5 of the Company's financial statements for the year ended December 31, 2004 and 2003.

## **FINANCIAL INSTRUMENTS**

The unsecured debentures, bearing interest at 8.5% (8.5% and 14% in 2003), are convertible at the holder's option in common shares of the Company. Interests are payable in common shares in half-yearly instalments if the fair market value of the shares is less than \$0.90 for the 20 days period preceding the interest payment date. The Company has no obligation to deliver cash or transfer financial assets under the debenture agreements and it allows the Company to reimburse the holders in common shares at maturity. The debentures were therefore presented within the shareholders equity, equivalent to the capital stock classification. The debentures were issued as a financial instrument for the Company's operations.

## **RISK AND UNCERTAINTIES**

The following discussion reviews number of important risks which management believes could impact the Company's business.

### **Financial Risks**

Eventually, additional funds will be required for further exploration and development work. The only source of future funds available to the Company is through the sale of additional equity capital or issuance of debt. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or provides the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial condition.

**Risk on the Uncertainty of Mining Titles**

Although the Company has obtained title opinions with respect to certain of its properties and has taken reasonable measure to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interest.

**Risk relating to the Industry Conditions**

Mineral exploration and development involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Although substantial benefits may be derived from the discovery of a mineralized deposit only a few properties under an exploration program will become later productive mines. A high level of expenses may have to be incurred to establish ore reserve, metallurgical process and to provide for the construction of extraction and ore process installation on a particular site. No assurance can be given that the exploration and development program of the company will conduct to profitable mine operations. Commercial viability of exploiting any deposit encountered depends on a number of factors including infrastructure, governmental regulations, in particular those in relation to price, taxes royalties, governmental involvement in the project in some cases by way of a carried right, importation and exportation. The impact of these factors cannot be measure with precision but it may restrain the company from providing an adequate return on investment.

**Risk relating to Government Regulation**

The Company's activities entail compliance with the applicable environmental legislation or review processes and the obtaining of land use and other permits, and similar authorizations of overall mining operations are subject to the constraints contained in such legislation. The Company believes that it is in compliance in all-material respects with such existing laws. Changing government regulations may have an adverse effect on the Company's operations..

**OUTLOOK**

Management will continue to account for the Company's funds very rigorously, its first goal being the optimization of the shareholders' return on investment. Its development strategy aims towards the discovery of economically recoverable ore reserve, and generate revenues out of mineral deposit to ensure the Company's viability. Management, while applying its development strategy, will consider the global environment in which the exploration evolves, the evolution of the stock exchange market as well of the overall gold price.

*(S) Ronald Shorr*

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May 30, 2005