

INTERNATIONAL MONTORO RESOURCES INC.
(formerly Montoro Resources Inc.)

Form 51-102F1

***Management's Discussion & Analysis
for the 1st Quarter ended November 30, 2006
(and containing information as of January 26, 2007)***

Item 1: INTERIM MD&A

Forward-looking Information

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to International Montoro Resources Inc. ("IMT" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to IMT. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to IMT or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of IMT exploration properties. Such statements reflect the current views of IMT with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of IMT to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

1.1 Date

The following discussion and analysis was approved by the Directors of the Company on January 26, 2007 and should be read in conjunction with the unaudited financial statements for the quarter ended November 30, 2006 and the related notes thereto. All figures are in Canadian dollars unless otherwise noted.

1.2 Overall Performance

- (i) The Company signed an option to acquire 100% interest in a 53 mineral claim units (938 hectares) cobalt/copper (**Malachite**) prospect in Bathurst, New Brunswick area. 75% interest had been earned as of November 30, 2004, and the Company has completed additional diamond drilling and ground geophysics during the 2004 exploration season. The further 25% interest was earned in 2006 following the payment of the final \$10,000 property payment.
- (ii) On April 10, 2003 the Company signed a Property Option Agreement with Jaroslav Ruza ("Ruza") to acquire a 16 unit claim block (**Shaver Lake**), Bateman/Shaver Twp. in the Red Lake Mining Division, northwestern, Ontario. On May 8, 2003 the Company signed an agreement with Belmont Resources Inc. ("Belmont"), a related party whereby they have agreed to joint venture the exploration programs on the Shaver prospect and nearby Red Lake prospects which Belmont has also optioned from Ruza, 16 units (**Walsh Lake**), and will therefore assign a 50% interest in each other's option as they are earned from Ruza. On October 28, 2003 the Company and Belmont signed a further agreement with Ruza to acquire two additional claims-14 units adjacent to the Shaver Lake block. Subsequently, the Company and Belmont arranged the staking of an additional 6 claims (81 units) in the Bateman and Shaver Twp. adjacent to and contiguous with the optioned properties. On August 25, 2005 the Company, Belmont and Ruza signed an Amended

Option Agreement to exercise their rights to acquire a 100% interest (each to 50%) in the properties. NI 43-101 Reports have been prepared on these properties and details of the 2004 summer program of ground geophysical exploration and drilling results on Walsh Lake and the spring 2006 program of drilling on Shaver Lake follow in this Management Discussion.

- (iii) On February 27, 2004 the Company and Belmont signed a Property Acquisition Agreement with Shewchuck/Patrie to acquire patented claim mineral rights covering an area of 21.5 hectares (**East Bay**) in the Red Lake Mining Division.
- (iv) On April 11, 2006 the Company together with Belmont Resources Inc (50/50 j.v.) signed an Option Agreement to acquire 100% interest in 750 hectare one claim block in northern **Saskatchewan** near Uranium City (Crackingstone River claim). **The Companies have received and SEDAR filed a NI 43-101 geological report (dated July 11, 2006) which outlines additional details on the property and recommendations for further exploration.**
- (v) On April 11, 2006 the Company together with Belmont Resources Inc. (50/50 j.v.) signed an Option Agreement to acquire 100% interest in three claim blocks in the Central Mineral Belt Uranium District, **Labrador**. **The Companies have received and SEDAR filed a NI 43-101 geological report (dated August 30, 2006) which outlines additional details on the properties and recommendations for further exploration.**
- (vi) On April 30, 2006 the Company signed a Property Acquisition Agreement to acquire 100% interest in two mineral claims located in the Greenwood Mining Division of **British Columbia**.
- (vii) **During October 2006 the Company together with Belmont Resources Inc. (50/50 j.v.) arranged the staking of three additional claims totaling 11,109 hectares adjacent to and surrounding the Crackingstone claim block. See the Company news release dated October 24, 2006 as filed on SEDAR for more specific details on the merits of this staking area.**
- (viii) **On December 8,2006 the Company signed a Property Acquisition Agreement to acquire 100% interest in nine mineral claims located in the Greenwood Mining Division adjacent to the two claims detailed in (vi) above. The claims are known as the Cup Lake/Donen uranium deposit in south-central British Columbia. The agreement has been filed and awaiting regulatory approval.**
- (ix) **On December 29,2006 the Company signed a Property Option/Acquisition Agreement to acquire 100% interest in ten mining claims located in the Sault Ste.Marie Mining Division, Elliot Lake area, in Northern Ontario, known as the Serpent River property. On January 26,2007 the TSX Venture Exchange has accepted for filing this agreement.**

Other

There were no investor relations' activities undertaken by or on behalf of the Company during the year except for the dissemination of press releases and exploration updates to the media, interested shareholders, investors, and brokers. In addition, the Company completed changes and updates to the website during the year.

On September 29, 2006 the President, Gary Musil conducted an interview on the Smartstox Online TV Talk show, an international internet news portal on small-cap companies. The web-streamed CEO interview and corporate profile can be reviewed at www.smartstox.com The Company compensates Smartstox.com for production of the materials. **On December 14,2006 a further interview was conducted with Smartstox.**

During the last quarter ended August 31, 2006 the Company has filed documentation for regulatory acceptance of the following other transactions:

- 1) June 6, 2006 - The Company announced that its shares have been accepted for trading on the Frankfurt Stock Exchange under the trading symbol O4T.
- 2) June 20, 2006 – The Company has amended its previously disclosed private placement as a reflection of overall resource market conditions in recent weeks. The non-brokered private placement will now consist of up to 2.4 million units at \$0.25 per unit for gross proceeds of \$600,000.
- 3) June 28,2006 – The TSX Venture Exchange has accepted for filing a purchase agreement, dated April 30,2006, between the Company, and Andrew and Larry Sostad, pursuant to which the Company has the right to acquire 100% interest in two mineral claims located in the Greenwood Mining Division of British Columbia.
- 4) July 21,2006 – The TSX Venture Exchange has accepted for filing documentation with respect to the first tranche of the above mentioned private placement (see (2) above). The Company has arranged 1,692,600 units (to 19 places) at \$0.25 comprising of 1,692,600 common shares and share purchase warrants to purchase a further 1,692,600 common shares at an exercise price of \$0.30 in the first year and \$0.40 in the second year . Various finders fees in cash and shares were payable accordingly.

During the first quarter ended November 30,2006 the Company has filed documentation for regulatory acceptance of the following other transactions:

Nil

1.3 Selected Annual Information

		Year-Ended August 31, 2006	Year-Ended August 31, 2005	Year-Ended August 31, 2004
a.	Net Sales or Total Revenues	\$Nil	\$Nil	\$Nil
b.	Income or (Loss) before discontinued operations and extraordinary items	(\$216,610)	(\$92,804)	(\$209,049)
c.	Net Income or (Loss) in total *	(\$233,953)	(\$92,804)	(\$209,049)
d.	Net Income or (Loss) per fully diluted share basis	(\$0.04)	(\$0.01)	(\$0.01)
e.	Total Assets	\$853,629	\$380,914	\$378,882
f.	Total long-term financial Liabilities	\$Nil	\$Nil	\$Nil
g.	Cash dividends declared per share	N/A	N/A	N/A

1.4 Results of Operations during the quarter ended November 30,2006

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may be different from those estimates. Additional significant accounting policies are detailed in Note 2 attached to the financial statements.

(a) Financings:

During the previous quarter the Company announced the completion of the following financings.

On May 5 and June 30, 2006 the Company announced it was securing a non-brokered private placement for up to 2.4 million units @ \$0.25 for total gross proceeds of \$600,000. On July 21, 2006 the TSX accepted for filing documentation with respect to the closing of 1,692,600 shares and 1,692,600 share purchase warrants. Each warrant is exercisable at \$0.30 in the first year and \$0.40 in the second year. **On July 21, 2006 the Company completed the first tranche of this financing and issued 472,600 shares and warrants as per the above terms, and finders fees of 10,000 units. On January 19, 2007 the Company completed the 2nd tranche of this financing and issued 1,220,000 shares and warrants and finders fees of 72,000 units as per the above terms.**

The following are highlights of the progress on the various projects, **during the current year** and in the past two years.

(b) South Trend/Overtime-Ungava, Raglan area, Quebec:

The work in 2004 included the setting up of an 11.3-kilometer grid, geophysics (magnetometer and max/min), prospecting, sampling, mapping, geophysical and geological interpretations. No additional work was incurred during the quarters ended November 30, 2004, February 28, 2005 and May 31, 2005. Canadian Royalties Inc. ("CZZ") announced the preliminary results of their 2005 exploration programs. Highlights of this program can be reviewed on the September 21, 2005 news release filed on SEDAR. CZZ has now completed the exploration expenditures commitment and has earned its 100% interest in the property. **The Company holds a 1% NSR royalty (with \$1 million buyout provision).**

(c) Malachite-Bathurst, New Brunswick:

In **January 2004** the Company announced the mobilization of a diamond-drilling contractor and exploration crew to explore the Main discovery zone and sites of previous trenching which exposed cobalt and copper.

In **February 2004** the Company completed 4 shallow diamond drill holes totaling 446.5 metres. Two holes (M04-01 & M04-03) were drilled in the Main Zone which contained previous assays of up to 0.1% cobalt and 2.06% copper; another hole (M40-02) was drilled 100 metres grid north of the Main Zone and the last hole (M40-04) was drilled 530 metres grid north of the Main Zone along a property scale VLF conductor coincident with the Main Zone.

Significant Drill Intersections were reported in the previous year-end MD&A and have been filed in prior news releases on SEDAR.

In **April 2004** the Company signed a Letter of Extension to acquire the remaining 50% interest in the Malachite property. Through the reimbursement to the vendor of additional staking costs and issuance of 150,000 common treasury shares at a deemed price of \$0.12 per share (issued) the Company has now earned an additional 25% interest-cumulative 75%. Upon payment of \$10,000 by December 31, 2005 the Company will have earned the final 25% interest (payment completed in 2006)

In **May 2004** the Company completed further exploration. The grid and subsequent Magnetic & VLF surveys were extended northeast along strike of the expanded 16 claims, which were staked in April 2004. A further 5 hole drill program was completed totaling approximately 675 metres to follow-up the down dip and strike potential of the Main Zone, the Smith Zone and to test a newly delineated VLF anomaly from the recent survey. Significant drill intersections were reported in the

August 31, 2004 year-end MD&A and have been filed in prior news releases on SEDAR. Based on these results International Montoro has confirmed an extension of the previously reported presence of significant cobalt mineralization on the Malachite property.

Drilling indicates that the cobalt, copper and gold mineralized zone within the altered rhyolite on the Malachite Property has a strike length of at least 600 metres and a vertical depth of approximately 70 metres. This recent round of drilling was concentrated around the Smith Zone and Main Zone. Analysis of the drill core indicates the mineralized zone is significantly anomalous in nickel and gold as well as the previously reported cobalt and copper. This zone is untested at depth and along strike.

A Phase III exploration program consisting of a deep penetrating EM survey with follow-up drilling is recommended and is being planned for 2007.

(d) Shaver & Walsh Lake - Red Lake Mining Division – Northwestern, Ontario

In **December 2003** the Company and Belmont (its joint venture partner) received a technical report on the properties under option and staked in the Bateman & Shaver Townships. The report and further geological information have been filed on SEDAR on February 4, 2004.

In **February 2004** the geophysics contractor completed the line cutting on the southern claim block (Walsh Lake) and continued onto detailed magnetic and VLF-EM surveying. A second crew commenced similar work on the northern claim block. Upon review of the regional magnetic data the Companies staked an additional 35 units (560 hectares) to cover interpreted structural features.

These lands adjoin our southern optioned block and fill in a gap with Rubicon Minerals Corp./Goldcorp on the west and north sides.

In **April 2004** the Company and Belmont received the preliminary geophysical interpretation for the Walsh Lake property, which has indicated at least three drill hole targets clustered close to grid center.

In **May 2004** the Company and Belmont announced the completion of three drill holes on its Walsh Lake, Bateman Twp. claims. The drilling (Holes BWL-04-01,-02, & 03) totaled 534 metres, and was targeted from the earlier completed detailed ground geophysical surveys (magnetic and VLF-EM). Additional information on the drilling results can be seen on SEDAR on review of our May 6 & May 31, 2004 news releases. No significant gold values were obtained.

On **May 31, 2004** the Company and Belmont received a preliminary geophysics report on its (Shaver Lake) northern claim blocks. These claims are bordered by Rubicon along the north and west sides and by the Goldcorp/MetalCORP Black Bear property, which is currently under extensive exploration, to the northeast.

The groundwork comprised 45.5 km of line cutting and ground grid. A ground grid of lines was put in place to facilitate and control the first surveying. The geophysical survey comprised 42.4 km of magnetic and VLF surveying space 50 metres apart over the line grid. The geophysics interpretation has targeted 5 drill sites in the south central portion of the claim block. Further details of the geophysical survey can be seen on SEDAR on review of our July 29, 2004 news release. A 2005/06 drill program is being planned. The Companies are hoping to interest a third party company to drill this property to earn an interest from International Montoro and Belmont.

On **August 25, 2005** the Company and Belmont signed a Property Acquisition/Amended Option Agreement with the vendor of the Red Lake properties and completed 100% ownership by each Company issuing 140,000 common treasury shares at a deemed price of \$0.05 per share and paying \$4,500 in cash.

During the **third quarter ending July 31,2006** the Company and Belmont completed a 930 meter, 6-hole diamond drilling program on their 30 unit property located in the Bateman and Shaver Twps. The objective of the program was to drill test a number of structures interpreted by Excalibur International Consultants ltd. from the 2004 combined VLF and magnetic survey.

The drilling program was successful in intersecting zones of sulphide mineralization and quartz veining contained within altered mafic volcanic and intermediate to felsic intrusive rocks. The quartz veining was mineralized with pyrite, pyrrhotite and magnetite A wide zone of weakly disseminated sulphide and magnetite mineralization was intersected in holes BSL-6, however did not return significant gold values.

The geophysical surveys identified several more significant magnetic high and conductive anomalies in the southern and northern portion of the property. These targets have not been drill tested and represent additional drilling targets for discovery of copper-nickel-PGM mineralization. **This potential will be considered in 2007 should further funding become available.**

(e) East Bay – Red Lake Mining Division –Northwestern Ontario

Further to our February 2004 announced acquisition agreement, the Company and Belmont reported in September 2004 receiving notification from their solicitor in Red Lake that the Transfer/Deed of Land has been completed. The properties are strategically located in Bateman Township approximately 3 km south/southwest of and along strike from the Wolfden/Placer Dome GAZ (Green Altered Zone) discovery and north/northwest of claims being developed by Rubicon and Goldcorp.

The Company and Belmont have received a preliminary review conducted by John B. Boniwell, Geophysical Consultant of Excalibur International Consultants Ltd. and further details can be seen on SEDAR upon review of our September 28, 2004 news release.

The Companies are preparing a budget for a recommended work program and expect to embark on the exploration in 2007.

(f) Crackingstone River area – Northern Mining District – Saskatchewan

April 17, 2006 – The Company announced that together with Belmont Resources Inc. they have signed an agreement to acquire 100% interest in one claim block in northern Saskatchewan near Uranium City.

This claim comprises approx. 750 hectares in the Northern Mining District, Crackingstone River area. Historic work in the area dates back to the 1950's. From 1953 to 1982, sixteen deposits were brought into production in the Uranium City area, with total output in the order of 25,000 tons of uranium.

Terms of the Montoro/Belmont Option Agreement are \$30,000 cash over two years and 100,000 treasury common shares (\$15,000 and 50,000 shares each from Montoro and Belmont). The property is also subject to a 2% NSR. The Company has paid its initial \$5,000 cash payment and issued the 50,000 shares. The shares will have a four month hold period expiring August 25, 2006.

The companies have received a NI 43-101 report (dated July 11,2006). Detailed merits of this prospect and a planned 2006/07 exploration program has been outlined in the report. See the **October 26, 2006** news release filed on SEDAR for more specific information on the Uranium potential of this property and the adjoining area.

Subsequent to the quarter ended November 30,2006 the Companies have commenced a 90 km line cutting program which will consist of establishing grid lines and the initiation of a Mag/VLF-EM ground geophysical survey over the entire 750 hectare property.

(g) Central Mineral Belt Uranium District - Labrador

April 19, 2006 – The Company announced that together with Belmont Resources Inc. they have signed an agreement to acquire 100% interest in four claim blocks (126 units approx. 4000 ha) in the CENTRAL MINERAL BELT URANIUM DISTRICT (“CMB”), LABRADOR.

September 14, 2006 – The Companies announced that during the preliminary evaluation and due diligence in preparation for initial sampling and exploration of the four claim blocks, it was discovered that the claims had lapsed. The vendor immediately arranged the staking of three new geologically and strategically located claim blocks (128 units – 32.0 square km.) in the CMB, Labrador. No new or additional changes were made in the terms of the original agreement. Specific details and further information can be reviewed in the September 14, 2006 new release filed on SEDAR.

Terms of the Montoro/Belmont Option Agreement are: \$60,000 cash over two years and 200,000 treasury common shares (\$30,000 and 100,000 shares each from Montoro and Belmont). The property is also subject to a 2% NSR with a one percent (1%) buy-out for \$500,000. The Company has paid the initial \$7,500 cash payment and issued the 100,000 shares. The shares are subject to a four-month hold period expiring August 25, 2006.

September 20, 2006 – The Company news released and filed on SEDAR specific details of the NI 43-101 Report dated August 30, 2006.

October 12, 2006 – The Company news released the completion of 411 line km. of helicopter-borne high resolution magnetic and radiometric surveying over the entire three claim blocks.

The Companies have received the survey results from Fugro Airborne Surveys, and have commissioned a firm to complete the interpretation of this data which will determine the next course of activity in the CMB.

(h) Ballistic Mineral Claims – Greenwood Mining Division – British Columbia

The TSX Venture Exchange has accepted for filing a purchase agreement, dated **April 30, 2006**, between the Company, and Andrew and Larry Sostad, pursuant to which the Company has the right to acquire up to 100% interest in **two uranium prospect mineral claims** located in the Greenwood Mining District of B.C.

The total consideration payable to the vendors is \$75,000 cash (paid) and 300,000 units (issued). Each unit comprises one common share and one warrant. Each warrant is exercisable into an additional common share at an exercise price of \$0.40 in the first year and \$0.50 in the second year.

The Company has commissioned a NI 43-101 Report to better define the merits of the property and outline a proposed exploration program for 2007.

(i) Triangle and Orbit Lakes –Northern Mining District – Saskatchewan

On October 24,2006 the Company and Belmont announced the completion of staking of 11,109 hectares adjoining the Companies 750 hectare Crackingstone River Property (“CRR”) property. Following the preliminary evaluation of the CRR property, additional staking was

recommended to the west and north, based on the release of the results of a 2001 SNRC airborne magnetic and radiometric survey by the Saskatchewan Geological Survey of the Tazin Lake (Uranium City) area. For further details of the merit of this staking, please refer to the Companies news release dated October 24, 2006 as filed on our website and SEDAR.

(j) Cup Lake/Donen Claims – Greenwood Mining Division – British Columbia

On December 8, 2006 the Company announced it has entered into an agreement to acquire a 100% interest in nine additional claims in the Cup Lake area, adjoining the Ballistic mineral claims in (i) above. On December 8, 2006 the Company news released and filed on SEDAR more specific details of these claims, and previous exploration that was conducted on these claims.

The terms of the agreement include the issuance of a total of 6,000,000 common shares at prescribed intervals up to December 1, 2008; a total of \$1.0 million in total cash payments staged annually up to December 1, 2009; and minimum exploration expenditures of \$800,000 over four years to December 1, 2010. The agreement is subject to regulatory approval.

The Company has commissioned a NI 43-101 Report along with (h) to better define the merits of these properties and outline a proposed exploration program for 2007.

(k) Serpent River – Sault Ste. Marie Mining Division – Elliot Lake –Northern Ontario

On December 29, 2006 the Company entered into an agreement to acquire a 100% interest in ten mining claims in the Sault Ste. Marie Mining Division, Elliot Lake area, in Northern Ontario, known as the Serpent River property.

The terms of the agreement include the issuance of a total 500,000 common shares and \$500,000 in cash payments at prescribed intervals up to December 12, 2010. In addition, there is a 2.0% net smelter return relating to the acquisition. The Company may at any time purchase 1.0% of the NSR for \$1.5 million. The Company received TSX acceptance for filing on January 26, 2006.

(l) Operating Expenditures

Overall operating expenses before write downs were higher by \$84,262 (324% increase), compared to the previous period ended November 30, 2005, with the major increase in Stock based compensation (a non-cash expense).

Increases were in: Stock based compensation – a non-cash item, was the largest single increase \$50,304 (Nil in 2005) as these costs are now expensed on a quarterly basis, during the year as the options are granted – previously accrued at the year-end on an annual basis. Travel, Promotion, Shareholder communications \$22,240 compared to (\$413 in 2005), as the Company incurred additional costs on website updates, drafting maps etc. of new property acquisitions in preparation for mail out brochures, mining publication advertising, and online interviews (i.e. Smartstox); Consulting fees \$8,375 (\$nil in 2005) as a result of additional reviews and due diligence on further property acquisitions; Office, Rent, Telephone/fax costs of \$10,323, \$2,385, and \$182 (\$943, \$1,350, and \$174 in 2005) have increased as a result of the additional property activity.

Decreases through the three months ended November 30, 2006 were in Professional services (Audit & Legal) \$2,495 (\$5,476 in 2005) as a result of regulatory and re-organization activity ongoing in 2005. Regulatory filing and transfer agent fees were \$3,271 (\$6,646 in 2005) also due to costs

related to the name change and consolidation, additional property acquisition share issuances, additional private placement financings and related costs (i.e. TSX filing fees, printing and issuance of new share certificates, etc.).

1.5 Summary of Quarterly Results

The following table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters:

For the Quarter Periods Ending on	November 30, 2006	August 31, 2006	May 31, 2006	February 28, 2006
Total Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Income (Loss) before discontinued operations and extraordinary items	(\$110,280)	(\$45,516)	(\$65,545)	(\$79,313)
Total Net Income (loss)	(\$110,280)	(\$62,859)	(\$65,545)	(\$79,531)
Basic (Loss) per share	(\$0.012)	(\$0.007)	(\$0.008)	(\$0.010)

For the Quarter Periods Ending on	November 30, 2005	August 31, 2005	May 31, 2005	February 28, 2005
Total Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Income (Loss) before discontinued operations and extraordinary items	(\$26,018)	(\$28,667)	(\$16,512)	(\$25,489)
Total Net Income (loss)*	(\$26,018)	(\$28,667)	(\$16,512)	(\$25,489)
Basic (Loss) per share	(\$0.004)	(\$0.001)	(\$0.001)	(\$0.001)

- The final quarters of the year recorded significantly higher gains or (losses) due to Other Items accounted for at year-end as follows:
- At year ended August 31, 2006 a write-down on mineral interests of \$70,400;
- At year ended August 31, 2005 an audit accrual of \$7,000;

For the past four quarters the (losses) before extraordinary items have varied from a low of (\$45,516) to a high of (\$110,280), on average being (\$75,164). The quarterly (losses) for the previous quarters-ended August 31, 2005 varied from a low of (\$16,512) to a high (\$28,667) loss in August 31, 2005. These major differences in the four quarters ending November 30, 2006 were the result of calculating the Stock Based Compensation expense in the quarter ended November 30, 2006. In addition, there was significant activity during the last quarter in field exploration, which created more expenditures relating to office services, travel and promotion, as well as the year-end stock based compensation expense accrued.

1.6 Liquidity

The Company has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

At November 30, 2006, the Company had working capital of \$37,106 compared to a working capital of \$127,213 at August 31, 2006. The Company's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

1.7 Capital Resources

The Company's sources of funds are derived from: (i) private placement financings (flow through and non-flow through); (ii) shareholders loans; (iii) disposition of a portion or all of its mineral prospects; and (iv) mineral exploration provincial grants.

Additional disclosure concerning the Company's general and administrative expenses and resource property obligations and commitments are provided in the Company's Statement of Operations and Deficit and Notes therein for the August 31, 2006 year-end audited Financial Statements.

1.8 Off-Balance Sheet Arrangements

The Company has no off-Balance Sheet Arrangements.

1.9 Transactions with Related Parties

See Note 4 of the audited financial statements as at November 30, 2006.

The Company shares office facilities and has common management and directorships with a number of public and private corporations. The Company is charged for office rentals and office services on a proportional cost basis. Charges of \$5,895 (2005 – \$2,250) were incurred in the year with related companies. Management believes that the methods of cost allocations and resultant costs are reasonable. These related party transactions are considered to be in the normal course of business and are measured at their exchange amounts, being the amounts agreed to by the parties.

Amounts owing to related parties are unsecured, non-interest bearing and are recorded as non-current due to the uncertainty of timing of payment.

The Company had entered into a management services agreement with a director for \$3,500 per month. This agreement expires on February 1, 2008.

1.10 Fourth Quarter

Previously disclosed under Sections 1.4, 1.5 & 1.6.

1.11 Proposed Transactions

The previously reported Commitments on the various properties are reported in Note 3(h) of the unaudited financial statements as at November 30, 2006.

1.12 Critical Accounting Estimates

N/A

1.13 Changes in Accounting Policies including Initial Adoption

See Note 2 "Significant Accounting Policies" set out in the Company's unaudited financial statements for the period ended November 30, 2006.

1.14 Financial & Other Instruments

The carrying value of the Company's financial instruments, consisting of cash, amounts receivable, accounts payable and accrued liabilities and exploration advances payable approximates their fair value

due to the short-term maturity of such instruments. The carrying value of term deposits and amounts due from and due to related parties also approximates fair value. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

1.15 Other MD&A Requirements

Additional Information related to the Company is on SEDAR at www.sedar.com and our website at www.MontoroResources.com

On December 21,2006 the Company filed Advance Notice of its upcoming 2007 Annual General Meeting to be held on Tuesday, February 20,2007 at 10:00 a.m. at #501 –905 West Pender Street, Vancouver, B.C. January 16,2007 has been fixed in advance by the directors as the record date for the purposes of determining those shareholders entitled to receive notice of, and to vote at, the Meeting. As at the record date 10,756,776 common shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting.

A. SUBSEQUENT EVENTS

- (i) **Private Placement:** Subsequent to the period ended November 30, 2006, the Company completed a private placement of 1,220,000 units at \$0.25 per unit. Each unit comprised one common share and one share purchase warrant exercisable at a price of \$0.30 in the first year and \$0.40 in the second year. Finders fees in the amount of 72,000 units were also paid.
- (ii) **Mineral Interest Acquisitions:** Subsequent to the year end the Company entered into an agreement to acquire a 100% interest in nine additional mineral claims in the Greenwood Mining Division, British Columbia known as the Cup Lake claims. Terms of the agreement (subject to regulatory approval) include the issuance of a total of 6 million common shares at prescribed intervals up to December 1, 2008, a total of \$1 million in staged cash payments up to December 1, 2009, and minimum exploration commitments of \$800,000 staged over four years up to December 1, 2010.
- (iii) **Stock Options and Warrants Exercised:** See Note 9 (a) attached to the unaudited financial statements for the quarter ended November 30,2006.
- (iv) **Authorized and Issued Share Capital as at January 26, 2007:**

Authorized – Unlimited common shares without par value

Issued and Outstanding: 12, 219,776 common shares

B. EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Based on our evaluation for the period ended November 30, 2006, and up to the date of this Management Discussion and Analysis, we have concluded that our disclosure controls and procedures are sufficiently effective to provide reasonable assurance that material information required to be disclosed in the Company's interim and annual 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 the material information is accumulated and communicated to Management of the Company, including the President and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.