

**PALLADON VENTURES LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS**

**For the quarter ending May 31, 2007**

The following discussion is management's assessment and analysis of the results and financial condition of Palladon Ventures Ltd. ("the Company") and should be read in conjunction with the unaudited financial statements for the quarter ending May 31, 2007, and related notes thereto. The preparation of financial data is in accordance with generally accepted Canadian accounting principles and all figures are reported in Canadian dollars unless otherwise indicated.

Certain statements in this discussion may constitute forward-looking statements, but no assurance can be given that these will prove to be correct, nor should they be unduly relied upon. Although the Company has attempted to take into account all important factors that could cause actual costs or results to differ materially, there may be other factors that cause costs of the Company's reported results not to be as intended.

Additional information on the Company is available on the Company website, [www.palladonventures.com](http://www.palladonventures.com) and at [www.sedar.com](http://www.sedar.com).

**1.1 DATE OF REPORT: July 31, 2007**

**1.2 OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

Palladon is in the business of acquiring, exploring, and developing mineral resource properties worldwide. The project portfolio consists of gold exploration properties in Nevada, and Argentina, a royalty interest in a copper development property in Beaver County, Utah, and the Iron Mountain project in southwestern Utah. During the quarter ended May 31, 2007, the Company's primary focus was the further development of the Iron Mountain project with the goal of advancing towards commercial production.

**Financial Performance**

The Company's net loss for the quarter ending May 31, 2007 was \$323,472 or (\$.01) per share compared with a net loss of \$9,399,643 or (\$.21) per share for the previous quarter. The main contributors to the continued loss are increased staff, increased travel, and expenditures on engineering services and equipment for the processing plant at Iron Mountain, Utah.

The Company had net working capital of \$5,304,634 as of May 31, 2007, as compared to working capital deficiency of \$(2,466,120) as of February 28, 2007. The increase in working capital is a direct result of proceeds from the May private placement.

On May 16, 2007, the Company closed a non-brokered private placement consisting of 26,187,410 units at a price of \$0.30 per unit for gross proceeds of \$7,856,223. Each unit consists of one common share plus one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$0.50 for a period of 24 months from closing. The Company also paid a finder's fee of \$600,350 cash and 564,750 units with the same terms as those in the private placement.

The ability of the Company to continue as a going concern depends on its ability to develop profitable operations. To this end, the Company has been actively working to advance the key facets of its Iron Mountain project in order to secure further funding for the construction of plant facilities and the eventual commercial production of iron ore concentrates. The acquisition of the Iron Mountain property and completion of subsequent private placement financings were vital steps in the process of making the transition from a junior exploration company to the development of operations.

### **Iron Mountain Project**

On February 27, 2007, a letter of intent was signed between Palladon's Iron Mountain joint venture partner, Luxor Capital Group, and the Jiangshu Shagang Group Co. Ltd. ("Shagang") of China, for the purchase of Luxor's entire stake in the iron concentrates portion of the Iron Mountain joint venture. An exclusivity period was granted until May 10, 2007.

The Iron Mountain project, located in Iron County, southwestern Utah, is held in a joint venture with New York-based private equity firm Luxor Capital Partners, LLC ("Luxor"), and operated through the Company's private subsidiary Palladon Iron Corp. ("PIC"). All costs of pre-commercial development are capitalized into mine development, in accordance with the Company's accounting policies.

During the fiscal year ended February 28, 2007, the Company's interest in PIC was increased from 41% to 44% after the Company realized credit for expenditures made on the Iron Mountain project. Luxor agreed to exercise its right to receive additional shares of PIC from the Company in lieu of US\$597,405 in outstanding interest on Luxor's US\$9,808,161 term loan to the Company. Interest on this loan is serviced in quarterly payments of US\$225,500.

The Company plans to build an iron milling facility ("the plant") consisting of a crushing circuit, a grinding circuit with a 15.5' x 23' steel ball mill, a two-stage magnetic separation circuit, and a loading facility designed to produce magnetite concentrates, processing ore at an initial rate of two million metric tons per year. The plant will be housed in a 100' x 150' steel-framed building, to be built near Geneva Steel's historic production facilities adjacent to the rail head at the mouth of the Comstock/Mountain Lion mine on Iron Mountain. Projected capital costs are estimated at US\$38 million.

The Company plans to secure this funding through a debt facility upon securing a letter of credit on the signing of a long-term sales contract. The Company also plans to double production capacity in year three of operations and has factored this expansion into the design of the plant. Capital costs for the expanded plant are expected to amount to US\$18 million, with major equipment estimated to carry an 18-to 24-month delivery time. The Company plans to fund this expansion through future operating cash flows. Production costs per ton are expected to decrease as a result of expanded production capacity. The Company intends to sell iron concentrate product into the Asian steel industry as pellet mill feed.

The Iron Mountain project is connected by rail to the Cedar City main line by a 14.6-mile spur line. The spur line requires gradual upgrades, which will be carried out over the course of the next three years.

Once operational, the Iron Mountain project will represent an excellent business opportunity for railway carrier and port facility partnerships. Potentially, PIC could become one of Utah's largest exporters of dry bulk material. Iron ore is considered to be a very favorable cargo due to the high density and low bulk, and it carries a low environmental impact profile. During the period, the Company commenced a study evaluating the cost of potential port facility upgrades and a study of environmental requirements at west coast ports. In addition, the Company also commenced a study on rail car designs to ensure compatibility with west coast port load-out facilities.

The Company plans to initiate mining activities in the open pit of the Comstock/Mountain Lion mine on Iron Mountain. Gilbert Development Corporation, Geneva Steel's mining operator at Iron Mountain, remains committed to providing mining, crushing, and loading services for the operation. It should be noted that the Company reached a production decision on the Iron Mountain project despite the absence of a recent NI-43-101 compliant resource study or feasibility study. The Company believes that the quantity and grade of iron resources in the Comstock/Mountain Lion mine is sufficient to justify the production decision, but there is a risk that the project has insufficient resources at an insufficient grade to support the recommencement of commercial operations. The Company believes that this risk is mitigated to some extent by the integrity of the previous operators' reporting standards, and the fact that the iron ore product has been commercially viable in the past. For additional information on the Iron Mountain project, please refer to the technical report authored by qualified person Mr. Rick Russell, dated September 15, 2005, at the following webpage: [www.palladonmining.com/s/IronCounty.asp](http://www.palladonmining.com/s/IronCounty.asp).

**Documented Historic Iron Resource Estimates  
On Properties held by Palladon Iron Corp.  
Iron Springs District, Iron County, Utah**

<b>Deposit Area (Date of Document Reporting Estimate)</b>	<b>Open Pit Gross Tons &amp; Grade (Tons Stockpiled)</b>	<b>Underground Gross Tons &amp; Grade</b>	<b>Total Gross Tons &amp; Grade</b>	<b>Stripping Ratio (Waste: Ore)</b>	<b>Est.% Deposit Drilled Out</b>
Comstock/Mt. Lion (2001)*	20,337,297 @ 51.6% (12,896,257 @ 40.2%)	-	33,233,554 @ 47.4%	0.6:1	±95%
Rex (1961, 1962, 1975)	88,740,000 @ 39.1%	22,494,000 @ 47.8%	111,234,000 @ 40.9%	6:1	±90%
Homestake (1949, 1975)	3,630,000 @ 50.5%	5,800,000 @ 46.5%	9,430,000 @ 48.2%	5:1	+95%
A & B (1975)	-	18,000,000 @ 54.6%	18,000,000 @ 54.6%	-	±80%
Duncan (1989)	700,000 @ 45.7%	-	700,000 @ 45.7%	?	+95%
<b>TOTAL EST. RESOURCE</b>	<b>125,303,554 @ 41.6%</b>	<b>46,294,000 @ 50.3%</b>	<b>172, 597,554 @ 44.0%</b>		

\* Classified as "Current Resource" per NI 43-101 Guidelines

### **Great Basin Gold Exploration**

Palladon's Great Basin gold exploration portfolio consists of four Nevada properties (Caldera, Green Springs, Tobin, and Windermere), and two Utah properties (King's Canyon and New Butte), covering a total of 5,450 acres. Palladon originally acquired an option to earn an interest in the portfolio through an agreement signed in 2004 between Palladon and Genesis Gold Corp. On May 9, 2006, Palladon entered into an option agreement with Genesis Gold Corp. and Maestro Ventures Ltd. in which Maestro agreed to spend US\$5 million over five years to earn a 75% interest in the properties. Maestro, which shares a director with the Company, also agreed to immediately assume Palladon's obligations for property expenditures and agreed to an exploration budget of US\$1.2 million for the fiscal year ended February 28, 2007. Exchange approval was obtained on October 19, 2006, at which time Maestro issued 450,000 Maestro shares to Palladon. Palladon issued an additional 150,000 shares to Genesis Gold, and in return received a 100% interest in the property portfolio and was relieved of further exploration expenditures and share issuance obligations to Genesis Gold Corp.

A Phase One drilling program commenced on the Caldera property on January 27, 2007. The program included approximately 9,500 feet in 25 holes targeting historic intercepts and high-grade surface rocks on the northwest part of the property.

## **Argentina Exploration**

The Company's Argentine interests were held under three different option agreements. The La Sarita property, in Salta, was held under option to Argentine Frontier (AFRI). The Taca Taca Alto (Tacalto) property, also in Salta province, was held under option to Minera Austral, S.A. The Company also holds a 51% interest in a portfolio of gold exploration properties in the Deseado Massif region of Patagonia, southern Argentina. This portfolio comprises the following properties: Laguna Guadalosa, Tres Hermanas, Gran Bajo, and Rio Deseado, all held in a joint venture with Deseado LLC. The option agreement on La Sarita was terminated on January 15, 2007. In the fiscal year ended February 28, 2007, the Company went into default on payment obligations on the Tacalto project and was in discussions to obtain extensions or a restructuring of the agreement at the end of the period. The Taca Taca Alto option agreement was subsequently terminated on April 18, 2007. The Company has decided to sell or seek joint ventures for its remaining interests in the Patagonian property portfolio. Since the properties appear to be marketable at a price that exceeds carrying value, the Company does not plan to write these properties off at this time.

### **1.3 SELECTED ANNUAL INFORMATION**

Not required for interim reports

### **1.4 RESULTS OF OPERATIONS**

Quarter ended May 31, 2007

Activities in this quarter continued with the Company's planned expansion of the Iron Mountain property. Expenditures on Iron Mountain during the quarter were \$961,182, which included additional geologic work, equipment purchases and engineering services. Costs are closely monitored and variances from budgets are investigated to management's satisfaction. Refer to Section 1.2 "Overall Performance" for a description of each project and the plans for each of the Company's properties.

## 1.5 SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	2007		2006		2005		2004	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	31-May	28-Feb	30-Nov	31-Aug	31-May	28-Feb	30-Nov	31-Aug
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before discounted operations and extraordinary items:								
Total Revenues	\$ (323,472)	\$ (9,399,643)	\$ (782,184)	\$ (843,786)	\$ (1,871,190)	\$ (5,032,424)	\$ (576,975)	\$ (832,251)
Per share	\$ (0.01)	\$ (0.21)	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.17)	\$ (0.02)	\$ (0.01)
Per share, fully diluted	\$ (0.01)	\$ (0.21)	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.17)	\$ (0.02)	\$ (0.01)
Net loss: Total	\$ (323,472)	\$ (9,399,643)	\$ (782,184)	\$ (843,786)	\$ (1,871,190)	\$ (5,032,424)	\$ (576,975)	\$ (832,251)
Total Revenues								
Per share								
Per share, fully diluted	\$ (0.01)	\$ (0.21)	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.17)	\$ (0.02)	\$ (0.01)

## 1.6 LIQUIDITY

On May 31, 2007, the Company had \$6,151,629 in cash and \$23,493,907 in resource properties. The Company intends to continue exploration and development work in accordance with its planning and agreements.

The Company has working capital of \$5,304,634 on May 31, 2007. All current obligations are paid in a timely manner. Management, at the date of this report, is confident that sufficient funds will be available to continue with development, construction and production planning.

## 1.7 CAPITAL RESOURCES

The capital resources of the Company include resource properties, carried at \$23,493,907, which the Company is committed to develop in line with planned budgeted expenditure for the coming year and forward. The Company's intention is to commit additional funds for continuing development and exploration activities as they become available. (Refer to Section 1.16, Subsequent Events)

## 1.8 OFF BALANCE SHEET ARRANGEMENTS

There are no current commitments.

## 1.9 TRANSACTIONS WITH RELATED PARTIES

For the the quarter ending May 31, 2007, the Company incurred the following transactions with related parties consisting of current and/or former directors of the Company or private companies controlled by them:

	Quarter ended May 31,	
	<u>2007</u>	<u>2006</u>
Management fees	15,000	85,210
Rent	-	10,231
Salaries	<u>87,435</u>	<u>-</u>
Total	<u>\$ 102,435</u>	<u>\$ 95,441</u>

The charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Amounts due to related parties are unsecured and non-interest-bearing, and have no fixed terms.

During the quarter the Company settled the shares for debt agreement between the Company and Director George S. Young, as announced on December 18, 2006. In satisfaction of funds advanced to the Company by Mr. Young in the amount of \$1,603,418, the Company issued 2,290,597 common shares to Mr. Young at a deemed price of \$0.70 per share, on March 21, 2007. The shares were subject to a hold period of four months and one day, which expired July 21, 2007.

Included as a Current Liability at May 31, 2007, is \$181,248 (February 28, 2007: \$2,247,150) due to related parties.

## 1.10 FIRST QUARTER

The Company's loss for this Quarter was \$(323,472) due to increased capital expenditures, increased salaries and administrative costs related to the increased activities on the Iron Mountain project and loss on foreign exchange. The Company is exposed to currency exchange rate risks to the extent of its operations in the United States and Argentina, but both countries are considered stable environments so the company does not maintain any hedge positions.

## 1.11 PROPOSED TRANSACTIONS

Proposed transactions relating to the Iron Mountain development include upgrading the 14.6 miles of rail to the mine site (\$2.3 million), design and construction of the processing plant (\$35 million), purchase or lease of 480 rail cars (\$39 million), and completion of the electrical power facilities (\$1.7 million). Management is currently negotiating suitable funding for all these capital expenditure and details will be released as they are finalized. (Refer Note 1.7)

Contractual obligations include an initial \$1.2 million to Gilbert Development Corporation to purchase crushing and mining equipment, and to mobilize for the construction of the crushing plant. This will only be executed should the plant financing be secured and mining is initiated. In addition, The Company has a commitment from Gilbert Development to provide mining and loading services as well as crushed feed for the grinding mill. Finally, Rocky Mountain Power (formerly Utah Power and Light) is to provide electrical switching for the power substation.

The Company entered into a lease for the Utah corporate offices with an option to extend. Annual lease payments required are as follows:

Year ended	February 28, 2007	\$108,570
	February 28, 2008	\$111,827
	February 28, 2009	\$115,162

To the best of its knowledge, management believes that it is in compliance with all the applicable laws and regulations, including environmental laws and regulations. As required by law, the Company carries a \$1.3-million Reclamation Bond for the Iron Mountain project.

## 1.12 CRITICAL ACCOUNTING ESTIMATES

A summary of significant accounting policies that are adopted by the corporation may be found in the Notes to Accounts, Notes 2 and 3, attached to the Financial Statement for the the quarter ending May 31, 2007.

As stated, the Company is required to conform to the generally accepted Canadian accounting principles, which require management to establish accounting policies and to make estimates that affect both the amount and timing of recording of assets, liabilities, expenses and revenues when applicable. Therefore, judgments made regarding these estimates, by their nature, are inherently uncertain. Management regularly reviews all projects as a part of their ongoing process and this also requires estimates, which are subject to various risks and uncertainties, and may affect the expected values and expenditures of those properties. The Company defers the cost of acquiring and maintaining its interests, and of exploring and developing mineral properties, until such time as the properties are placed into production, abandoned, sold, or considered to be

impaired in value. Costs of producing properties will be amortized on a unit-of-production basis and costs of abandoned properties will be written off. Proceeds received on the sale of interests in mineral properties will be credited to the carrying value of mineral properties, with any excess included in operations. Write-downs due to impairment in value will be charged to operations when written off.

### 1.13 CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policies for the year.

### 1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying value of the Company's financial instruments, consisting of cash, marketable securities, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The carrying value of the loans receivable last year also approximated its fair value. The Company is exposed to fluctuations in foreign currencies through its operations in the United States and Argentina. The Company monitors this exposure, but has no hedge positions.

### 1.15 OTHER MD&A REQUIREMENTS

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

### Share Capital

Authorized:

Unlimited common shares without par value

		Number of <u>Shares</u>	<u>Amount</u>
Balance, February 28, 2007		\$ 47,410,208	\$27,183,710
Private placement	- at \$0.30	26,752,160	8,025,648
Debt settlement		2,290,597	1,603,418
Escrow cancelled		(35500)	(37500)
Balance, June 28, 2007		<u>76,417,465</u>	<u>\$36,775,282</u>

### Escrow shares:

At May 31, 2007, \$ 0 (May 31, 2006: \$ 37,500) common shares are held in escrow subject to direction for their release by regulatory authorities. Escrow on these shares was cancelled May 30, 2007 and the shares were returned to the treasury.

### Agent Options:

In connection with a private placement completed in April, 2006 the agents were granted an option to acquire 1,000,000 units at \$0.50 per unit up to March 31, 2008. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at \$0.75 per share up to March 31, 2008. During the year ended February 28, 2007, 278,602 agent's options were exercised and at May 31, 2007, there were 721,398 agents' options outstanding.

### Stock-based compensation

The Company may grant share purchase options to directors, officers or employees to acquire shares of the Company. Unless otherwise noted, the share purchase options vest when granted. Share purchase option activities for the period ended May 31, 2007 and February 28, 2007, are summarized as follows:

	Three month ended May 31, 2007		Year ended February 28, 2007	
	<u>Shares</u>	Weighted Average Exercise <u>Price</u>	<u>Shares</u>	Weighted Average Exercise <u>Price</u>
Outstanding, beginning of period	3,360,000	\$0.57	12,240,000	\$0.69
Granted			1,570,000	\$0.45
Exercised	-	-	(890,000)	-
Cancelled	(200,000)	\$0.80	(450,000)	\$0.74
Expired	-	-	-	-
Outstanding, end of period	<u>3,160,000</u>	\$0.57	<u>3,360,000</u>	\$0.57
Exercisable, end of period	<u>3,160,000</u>		<u>3,360,000</u>	

At May 31, 2007, there were 3,160,000 employee and director share purchase options outstanding. Each option entitles the holder thereof the right to purchase one common share as follows:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
400,000	\$0.45	September 9, 2008
50,000	\$0.80	November 26, 2008
100,000	\$0.50	October 22, 2009
100,000	\$0.70	October 22, 2009
350,000	\$0.75	April 21, 2010
180,000	\$0.85	August 8, 2010
450,000	\$0.75	August 29, 2010
160,000	\$0.75	October 11, 2010
<u>1,370,000</u>	\$0.40	December 15, 2011
<u>3,160,000</u>		

### Share Purchase Warrants

Share purchase warrant activities for the years ended February 28, 2007, and 2006, are summarized as follows:

	<u>Three months ended May 31, 2007</u>		<u>Year ended February 28, 2007</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of year	15,734,063	\$0.73	3,202,322	\$0.68
Issued	13,376,080	\$0.50	12,780,851	\$0.74
Exercised	-	-	-	-
Expired	<u>(283,867)</u>	\$0.86	<u>(249,110)</u>	\$0.86
Outstanding, end of year	<u>28,826,276</u>	\$0.62	<u>15,734,063</u>	\$0.73

At May 31, 2007, the Company had 28,826,276 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
40,925	\$0.86	July 21, 2007
40,949	\$0.86	July 22, 2007
106,838	\$0.86	August 8, 2007
2,357,137	\$0.62	September 23, 2007
62,389	\$0.86	October 6, 2007
61,107	\$0.86	October 19, 2007
10,000,000	\$0.75	March 31, 2008
278,602	\$0.75	July 13, 2008
700,000	\$0.70	July 20, 2008
1,802,249	\$0.70	August 31, 2008
282,375	\$0.50	September 11, 2009
<u>13,093,705</u>	\$0.50	September 11, 2009
<u>28,826,276</u>		

Additional Disclosure:

All current expenditures by the Company for exploration and development costs have been capitalized, as production has not yet begun on the properties. General and administrative costs are being expensed in the period they are incurred. A property-by-property breakdown of applicable expenses is shown in Schedule 1 of the Financial Statements for the year. The breakdown for the fiscal year ended February 28, 2007, is also included in Schedule 1.

1.16 SUBSEQUENT TO MAY 31, 2007:

On June 21, 2007, the Company announced that a 5-year, renewable contract had been executed with Holcim Inc., for the sale of iron ore material crucial to the cement manufacturing process. Iron ore material will be sold FOB the Comstock/Mountain Lion Mine at Iron Mountain, Utah, and trucked by Holcim to their 800,000-ton capacity Devil's Slide facility in Morgan, Utah. Holcim Ltd. is one of the leading global manufacturers and suppliers of cement, aggregates, and mineral components, operating in over 70 countries around the world and employing over 90,000 people. In the United States, Holcim Inc. is one of the largest suppliers of Portland and blended cements, operating 14 manufacturing plants and over 70 distribution facilities, supplying more than 14 million metric tons of cement and related materials annually.

On July 4, 2007, the Company announced that Palladon Iron Corporation, its private operating subsidiary, will also be doing business as Iron Bull Mining and Milling to better reflect the heritage and the local community. Palladon Iron will now utilize the

Iron Bull name and logo for its operating site at iron Mountain and also it's short-line railroad.

## Share Capital

Authorized:

Unlimited common shares without par value

		<u>Number of Shares</u>	<u>Amount</u>
Balance, February 28, 2007		47,410,208	\$27,183,71€
Private placement	- at \$0.30	26,752,160	8,025,648
Debt settlement		2,290,597	1,603,418
Escrow cancelled		(35,500)	(37,500)
Balance, July 30, 2007		<u>76,417,465</u>	<u>\$36,775,282</u>

At July 30, 2007, the Company had 28,744,702 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

<u>Number</u>	<u>Price</u>	<u>Date</u>
106,838	\$0.86	August 8, 2007
2,357,137	\$0.62	September 23, 2007
62,389	\$0.86	October 6, 2007
61,107	\$0.86	October 19, 2007
10,000,000	\$0.75	March 31, 2008
278,602	\$0.75	July 13, 2008
700,000	\$0.70	July 20, 2008
1,802,249	\$0.70	August 31, 2008
282,375	\$0.50	September 12, 2009
13,093,705	\$0.50	September 12, 2009
<u>28,744,402</u>		

### 1.17 DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109 respecting certification of disclosure in issuers' annual and interim filings, the Chief Executive Officer and the Chief Financial Officer") have evaluated the effectiveness of the Company's disclosure controls and procedures for the quarter ended May 31, 2007. Management has concluded that the Company's disclosure controls and procedures provide reasonable assurance that (i) information required to be disclosed by the Company in its annual filings, interim filings

or any other report filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information required to be disclosed in the foregoing filings or reports is accumulated and communicated to the Company's management, including its Chief Executive Officer and the Chief Financial Officer to allow timely decisions regarding required disclosure.