MANTLE RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended December 31, 2006 and 2005

1.1 Date

This Management Discussion and Analysis ("MD&A") of Mantle Resources Inc. ("Mantle" or the "Company") has been prepared by management as of February 27, 2007 and should be read in conjunction with the unaudited interim financial statements and related notes thereto of the Company for the six months ended December 31, 2006 and 2005 and with the audited financial statements and related notes thereto of the Company, as at and for the years ended June 30, 2006 and 2005, which were prepared in accordance with Canadian generally accepted accounting principles.

The Company is presently a "Venture Issuer", as defined in NI 51-102.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer, including potential business or mineral property acquisitions and negotiation and closing of future financings. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all Performance

Mantle was incorporated under the laws of the Province of British Columbia on February 10, 1988. The Company operates in one business segment, that being the exploration and development of mineral properties in Canada.

Pursuant to a special resolution passed by shareholders on February 15, 2002, the Company consolidated its capital on a one-new-for-eight-old basis and changed its name from Intertech Minerals Corp. to Mantle Minerals Inc. On April 25, 2002, the Company commenced trading on the TSX Venture Exchange (TSXV) under the symbol "MIN". To date, the Company has not generated significant revenues from operations or recorded any cost of sales and as a result is considered to be in the development stage. The underlying value of the mineral properties and related deferred costs are entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production.

Effective October 21, 2003, the Company was designated as inactive. The Company's listing was transferred to the NEX Board of the TSX Venture Exchange ("Exchange") and its tier classification was changed from Tier 2 to NEX in accordance with the revised policy 2.5 of the Exchange.

Effective September 22, 2004, the Company's listing was transferred from NEX to the TSX Venture Exchange and the Company's Tier classification was changed from NEX to Tier 2.

Effective August 9, 2005, the Company changed its name from Mantle Minerals Inc. to Mantle Resources Inc. and consolidated its share capital on the basis of two old shares to one new share. As a result, the common shares of Mantle

Minerals Inc. were delisted and the common shares of Mantle Resources Inc. commenced trading under the trading symbol “MTS”.

Effective October 18, 2005, the Company’s common shares commenced trading on the Frankfurt Stock Exchange under the trading symbol M9R, WKN-A0F7E1.

During the year ended June 30, 2006, the Company graduated to Tier 1 of the TSX Venture Exchange.

As at the date hereof, the Company has mining interests in properties located in British Columbia and entered into the following agreements as at December 31, 2006:

Akie Property

During the year ended June 30, 2006, the Company entered into an agreement with Ecstall Mining Corporation (“Ecstall”), pursuant to which the Company has been granted an option entitling it to earn a 65% interest in Ecstall’s Akie property, located in the Omineca Mining Division of British Columbia, subject to the following terms:

(i) by making the following cash payments to Ecstall:
- immediately, $100,000 (paid);
- on June 21, 2006, $100,000 (paid);
- on June 21, 2007, $125,000; (paid in advance) and
- on June 21, 2008, $125,000 (paid in advance).

(ii) by incurring a minimum of $4,000,000 on exploration work on the Akie property as follows:
- by August 31, 2006, $1,000,000 (incurred);
- by August 31, 2007, an additional $1,500,000 (incurred); and
- by August 31, 2008, an additional $1,500,000 (incurred).

The Company shall be the operator of the Akie property until December 31, 2006 and responsible for managing all work carried out on the Akie property. In return, the Company shall be paid an operator’s fee. Ecstall has the right to become the operator of the Akie property commencing January 1, 2007 until the Company exercises the option.

Following earn-in by the Company of a 65% interest in the Akie property, further exploration and development will be carried out pursuant to a joint venture agreement, with the initial participating interests in the joint venture to be: the Company – 65%; and Ecstall – 35%. Under the terms of the joint venture agreement, each of the Company and Ecstall would be responsible for paying their proportionate share of all expenses respecting the Akie property, with a minimum of $500,000 to be expended on exploration work on the Akie property during each year after June 1, 2008.

The Company issued 150,000 shares as a finder’s fee to a third party as per the terms of the agreement.

During six months ended December 31, 2006, the Company received a notice of dispute under the Akie property option agreement dated August 23, 2005, from Ecstall. The fundamental question in dispute is the extent to which expenditures incurred by Mantle on the Akie property during 2006 qualify as expenditures for purposes of Mantle earning its 65-per-cent interest in the Akie property as contemplated under the option agreement.

Under the terms of the option agreement, the parties had 30 days from the delivery of notice of dispute within which to reach an amicable settlement, failing which the matter would be referred to binding arbitration. The Company offered to meet and discuss the dispute amicably, and proposed several meeting dates, however, the parties were not able to arrange a mutually convenient time to do so within the 30-day time frame which expired Oct. 5, 2006.

Further to this, during the three months ended December 31, 2006, the Company announced that it intends to make a take-over bid to purchase all outstanding shares of Ecstall on the basis of 0.40 of a common share of the Company for each Ecstall share.

The Offer was subject to the terms and conditions set out in a formal Offer to Purchase and accompanying Offering Circular dated December 22, 2006, which was filed with securities regulatory authorities in Canada and mailed to Ecstall shareholders. The Offer contained customary conditions, including the absence of adverse material changes in Ecstall's affairs, receipt of necessary regulatory approvals and at least 66 2/3 % of the outstanding shares being validly deposited under the Offer, among other conditions, all of which were set out in the formal Offer documents.

The Offer was open for acceptance until 4:00 p.m. (Vancouver time) on Monday, January 29, 2007 (the "Expiry Time") unless withdrawn or extended.

On January 29, 2007, the Company entered into a Support Agreement with Ecstall whereby the Company has agreed to increase its outstanding offer from 0.40 of the Company's Share for each Ecstall Share to 0.41 of the Company's Share for each Ecstall Share and to extend the expiry date of its Offer to 11:59 p.m. (Vancouver time) Friday, February 9, 2007. If the Company's revised offer is successful, Ecstall also intends to transfer at their book value certain non-core gold exploration properties to a new company to be formed by Mr. Chris Graf, the CEO of Ecstall, in trust for the benefit of the Ecstall shareholders.

On February 12, 2007, the Company announced that the conditions of its Offer have been satisfied and that it will be taking up the 43.2 million shares of Ecstall which were validly tendered prior to the February 9 expiry date. On taking up these shares, the Company will hold approximately 85% of the outstanding shares of Ecstall. Pursuant to the Offer, the Company will be issuing and distributing to those shareholders who have tendered, 0.41 of the Company's share for each Ecstall share tendered. In order to allow additional time for those Ecstall shareholders who had not yet tendered their shares to do so, the Company decided to extend the Offer until 2:00 p.m. (Vancouver time) on Friday, February 23, 2007.

On February 26, 2007, the Company announced that the conditions of its Offer have been satisfied and that it will be taking up the additional 6,128,847 shares of Ecstall which were validly tendered prior to the February 23, 2007 expiry date. On taking up these shares, the Company will hold approximately 96% of the outstanding shares of Ecstall. Pursuant to the Offer, the Company will be issuing and distributing to those shareholders who have tendered, 0.41 of the Company share for each Ecstall share tendered.

Property Update

Below is a progress report on the ongoing exploration program at the Company's Akie zinc-lead property located in northeastern British Columbia, approximately 280 kilometers north-northwest of the town of Mackenzie.

HOLE: A-06-41A. (Az: 055^{o}; Dip: -83^{o}; Grid: 3520N/0115W; Elev: 1398 meters; End of hole: 675.74 meters)

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
587.60	604.35	16.75	6.56 (6.70)	1.20 (1.21)	7.76 (7.91)
Incl. 591.87	604.35	12.48	6.99 (7.12)	1.31 (1.33)	8.30 (8.45)
Incl. 596.70	604.35	7.65	7.65 (7.81)	1.49 (1.51)	9.14 (9.32)

For each of the zinc and lead values presented above, the first figure has been derived from assay data received from Acme Analytical Laboratories Ltd. (“Acme”), Vancouver, B.C., and the second, in italics in brackets, has been calculated from confirmatory analyses carried out on assay pulps from Acme by Global Discovery Labs, Vancouver, BC. The average silver values for the reported intervals, determined by Acme, range from 13 to 18 gr/tonne.

The true width of the mineralization is estimated to be 79% of the core interval but this figure is subject to revision.
Hole A-06-41 was drilled from the same pad, and on the same section, as holes A-05-33 and A-06-40 and pierced the mineralized zone approximately 45 meters down dip from the pierce point of A-05-33.

During the recently completed 2006 exploration program, the Company drilled 11 holes totaling 4,880.58 meters, comprising seven holes (4,434.39 meters) that penetrated the Akie mineralized horizon and four holes (446.19 meters) that were abandoned for various technical reasons.

Previous Results:

HOLE: A-06-40

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
480.00	510.40	30.40	5.49 (5.04)	0.86 (0.88)	6.35 (5.92)
Incl. 483.60	490.80	7.20	6.88 (6.37)	1.06 (1.09)	7.94 (7.46)
And. 493.00	505.30	12.30	7.33 (6.69)	1.19 (1.22)	8.52 (7.91)
Incl. 493.00	502.10	9.10	8.56 (7.82)	1.35 (1.38)	9.91 (9.20)

HOLE: A-06-39A

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
490.00	508.10	18.10	8.16 (8.16)	1.58 (1.69)	9.74 (9.85)
Incl. 490.00	503.00	13.00	9.73 (9.60)	1.82 (1.97)	11.55 (11.57)
Incl. 494.00	502.00	8.00	11.73 (11.27)	2.24 (2.44)	13.97 (13.71)

HOLE: A-06-38

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Zinc+Lead (%)
528.35	547.75	19.40	8.27 (7.71)	1.45 (1.44)	9.72 (9.15)
Incl. 528.35	542.20	13.85	8.99 (8.44)	1.68 (1.67)	10.67 (10.11)
Incl. 537.80	542.20	4.40	13.00 (11.87)	1.83 (1.82)	14.83 (13.69)
Incl. 544.90	547.75	2.85	12.39 (11.23)	1.58 (1.66)	13.97 (12.89)

HOLE: A-06-37A

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
500.20	525.70	25.50	8.45 (8.31/8.29)	1.74 (1.66/1.67)	14.6 (N/A)
Incl. 500.20	508.00	7.80	9.35 (9.80/9.73)	1.73 (1.73/1.77)	15.1 (N/A)
Incl. 511.00	520.30	9.30	10.35 (9.83/9.83)	2.25 (2.08/2.10)	17.3 (N/A)

HOLE: A-06-36A

a) Hanging Wall Zone

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
673.50	688.10	14.60	3.90 (4.20)	0.74 (0.73)	6.8 (N/A)

b) Cardiac Creek Zone

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
711.40	721.80	10.40	5.81 (6.16)	1.19 (1.18)	10.6 (N/A)
711.40	720.10	8.70	6.56 (6.92)	1.34 (1.33)	11.8 (N/A)
Incl. 713.00	716.00	3.00	9.14 (9.22)	1.68 (1.70)	14.0 (N/A)

Hole: A-06-35.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
642.70	664.60	21.90	8.88 (8.47)	1.80 (1.74)	15.6 (N/A)
Incl. 654.50	664.60	10.10	11.06 (10.69)	2.52 (2.46)	21.3 (N/A)
677.10	681.90	4.80	9.33 (9.23)	2.16 (2.20)	17.3 (N/A)

Hole: A-05-33.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
558.55	577.75	19.20	8.71 (8.53)	1.83 (1.89)	16.01 (N/A)
Incl. 565.50	577.00	11.50	9.81 (9.52)	2.20 (2.23)	18.54 (N/A)
Incl. 571.00	577.00	6.00	11.97 (11.58)	2.79 (2.85)	22.00 (N/A)

Hole: A-05-32.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
555.20	581.90	26.70	11.95	2.74	22
Incl. 558.20	581.90	23.70	12.47	2.91	23.5
Incl. 570.40	581.90	11.50	16.16	3.95	29
Incl. 576.40	580.05	3.65	28.25	6.18	44

Hole: A-05-30.

From (m)	To (m)	Interval (m)	Zinc (%)	Lead (%)	Silver (gr/t)
531.75	568.80	37.05	10.98 (11.30)	2.61 (2.65)	21.2 (NA)
Incl. 543.47	567.30	23.83	15.02 (15.57)	3.27 (3.77)	28.5 (NA)
Incl. 543.70	561.40	17.93	17.22 (18.08)	4.20 (4.23)	30.1 (NA)

Assay Samples and Assay Procedures

All core selected for analysis is split by diamond saw and sampled, with a maximum of 1.5 meters of core in each sample.

These are placed in plastic bags and shipped in secure containers to Analytical Laboratories Ltd. in Vancouver, British Columbia, for analysis for zinc, lead and silver by aqua regia digestion followed by ICP emission spectrometry (Group 7A-ICP Multi-Element Assay). Check assays are carried out by Global Discovery Labs, also in Vancouver, employing aqua regia digestion followed by atomic absorption finish (Group 4).

John R. Fraser, P.Geo. (BC) is the Qualified Person for the Company and is responsible for the technical information contained in news releases.

About the Akie Property

The Akie property, which has been optioned from Ecstall Mining Corporation, comprises a total of 256 claim units, in 22 contiguous mineral claims encompassing some 5,400 hectares, situated in the Omineca Mining Division of British Columbia. Between 1992 and 1996, approximately $5.4-million was spent exploring the property, including approximately 13,000 metres of diamond drilling.

Variably siliceous, bluish-grey weathering, fine-grained clastic rocks of the Middle to Late Devonian ‘Gunsteel formation’ host a sheet-like body of laminated to massive pyrite and barite, with local finely laminated bands of sphalerite and galena, that has a strike length of 1,600 meters, a dip extent of at least 800 meters and a true width of up to 30 meters. Within this, Inmet Mining Corporation, the previous operator, identified an inferred resource, based on four widely spaced drill holes, of 13 million tonnes grading 8.52% zinc, 1.47% lead and 13.24 grams silver/tonne over a true width of 6.3 meters.

Note: This historical inferred resource estimate was prepared before the implementation of National Instrument 43-101. The Company’s Qualified Person has not reviewed the estimate but believes it to be reliable and relevant as it was calculated by Inmet Mining Corporation, a respected international mining concern, using simple polygonal blocks. However, this estimate should be treated as a historical resource estimate and should not be relied upon until additional drill hole information is available.

The Akie deposit is open to expansion in tonnage and grade both along strike and down-dip.

Photos of the Akie zinc-lead property are available at the Company’s website at www.mantleresources.com.
For further information regarding the Akie property, the reader is referred to a NI 43-101 report, titled *Geological Report on the Akie Property*, dated October 24, 2005, by D.G. MacIntyre, Ph. D., P.Geo.(BC)., which is filed on SEDAR at www.sedar.com.

Armstong Brook Gold Property

During the year ended June 30, 2006, the Company entered into an option agreement with Geodex Minerals Ltd. (“Geodex”) to earn a 65% interest in Geodex’s 100%-owned Armstrong Brook gold property, located in the Cape Spencer area near Saint John, New Brunswick, subject to the following terms:

(i) by making the following cash payments to Geodex:
- $15,000 upon Exchange approval of the agreement (paid);
- $20,000 on the first anniversary; and
- $30,000 on the second anniversary.

(ii) by issuing a total of 450,000 post-consolidated common shares to Geodex as follows:
- 100,000 common shares upon Exchange approval of the agreement (issued);
- 150,000 common shares due on the first anniversary; and

- 200,000 common shares due on the second anniversary.

(iii) by incurring minimum exploration expenditures of $200,000 in the first year and a cumulative total of $1,000,000 by the second anniversary of the agreement.

The Company would have been able to increase its interest to 75% by funding 100% of all exploration and development costs to the stage of completing a feasibility study. The claims are subject to a 1.5% NSR.

The Company issued 50,000 shares as a finder's fee to a third party as per the terms of the option agreement.

During the year ended June 30, 2006, management decided not to proceed with this option agreement. The Company introduced Geodex to Global Sortweb.Com Inc. ("Global") and entered into a finder's fee agreement as per the following terms:

- $25,000 within seven business days from the date of acceptance for filing of the agreement
- $10,000 within two months of the acceptance date

The Company has not collected these amounts yet.

Accordingly all acquisition and related exploration costs of $ 65,367 were written-off during the previous year.

West Range Property

The Company entered into an agreement with West Range Exploration Ltd. ("West Range"), pursuant to which the Company has agreed to purchase all of West Range's interest held in its property located in British Columbia by making a payment of $10,000 to West Range.

Afridi Lake Properties

As of December 31, 2006, the Company beneficially owned an undivided 8.2% interest, subject, in part, to certain royalties and a royalty reduction option dated August 30, 1998, in twenty-four mineral claims and three mineral leases, known collectively as the Afridi Lake Property. The Afridi Lake Property is located southeast of Lac de Gras, approximately 335 km northeast of Yellowknife, Northwest Territories. The target mineral being sought on the property is diamond contained in kimberlite. To date, five kimberlite intrusions, with variable, but low diamond content, have been identified on the mineral leases.

Before April 1, 2002, the Company held a 100% interest, subject to a 5% gross overriding royalty ("GOR") on diamonds, a 5% net smelter returns ("NSR") royalty on other minerals and a 10% net profits interest ("NPI"), in forty-two mineral claims. The GOR, NSR and NPI were all subject to the above mentioned royalty reduction option. With the exception of three mineral claims, the DA 4, 5 and 6, which were converted to mineral leases (#4242, #4243, and #4244), all of the original claims were scheduled to expire on April 1, 2002, having reached the end the allowed ten year tenure period. To facilitate the conversion to leases of additional claims, the Mining recorder, Yellowknife, granted extensions to the April 1, 2002 expiry date.

On March 13, 2002, the Company entered into a Letter of Intent with Shear Minerals Ltd. ("Shear") which defined the basic terms of a proposed agreement under which Shear could earn a 50% interest in the DA 1-12 mineral claims. On April 9, 2002, the Company entered into a similar agreement with Dasher Energy Corp. ("Dasher") whereby Dasher could earn a 50% interest in the DA 13, 14, 16-18, 25-27, 41 and the DAA 1 mineral claims. Under this agreement, the Company received 200,000 common shares of dasher valued at $200,000. the purpose of these agreements was to cause exploration to be carried out on the claims concerned and to convert as many of these possible to mineral leases.

On September 5, 2002, the above-referenced agreements were replaced by a Letter of Intent between Shear, Dasher, International Samuel Exploration Corp. ("Samuel") (collectively referred to as the "Companies") and the Company which defined the basic terms of an option agreement under which the Companies could each earn a 25% interest in the DA 4-12, 14, 16-18, 25-29 and DAA 1 mineral claims. To exercise the option, the Companies were required to expend a total of $250,000 on exploration of the claims within 180 days of the execution agreement, convert selected mineral claims to mineral leases, and issue to the Company 100,000 shares of each of the Companies for every diamondiferous kimberlite intrusion discovered. As of June 30, 2004, the $250,000 had been expended and each of Shear, Dasher and Samuel had vested their 25% interest. After this, the Company and the Companies entered into a joint venture to continue exploration on the property. Due to dilution of the interest of Dasher (now New World Resource Corp.) and the Company, the joint venture interests have been adjusted to Shear – 58.2%, Samuel – 25.4%, New World – 8.2% and Mantle – 8.2%.

During 2004, management wrote-down the carrying value of the Afridi interest to an amount established by the parties.

During fiscal 2005, management decided to discontinue its funding of its interest in the Afridi property and all costs associated with these claims were written-off to operations.

Mt Alcock Properties

During the six months ended December 31, 2006, the Company entered into a property purchase agreement to acquire, a 100% interest, subject only to a 1% Net Smelter Returns (NSR) royalty, in 18 mineral claims located in the Mt. Alcock area of northeastern British Columbia in consideration of the payment of $75,000 cash and the issuance of 200,000 common shares (100,000 issued shares upon TSX Venture Exchange ("Exchange") approval and 100,000 shares issued on or prior to nine months after the anniversary of the Exchange acceptance date) of the Company. The Company has an option to purchase the entire NSR from the vendor for the sum of $1 million cash, subject to TSX Venture Exchange approval.

Summary of expenditure incurred on various properties upto the six months ended December 31, 2006

Property	Acquisition cost	Advances	Geological consulting	Drilling	Write-off	Total
Akie	$ 385,688	$ 321,449	$ 35,070	$ 4,170,997	$ –	$ 4,913,204
Armstrong Brook Gold	65,367	–	–	–	(65,367)	–
West Range	10,000	–	–	–	–	10,000
Mt Alcock	136,278	–	–	–	–	136,278
Total	$ 597,333	$ 321,449	$ 35,070	$ 4,170,997	$ (65,367)	$ 5,059,482

1.3 Selected Annual Information

Please see Management Discussion and Analysis for the fiscal year ended June 30, 2006.

1.4 Results of Operations

The following is a discussion of the financial condition, changes in financial condition and results of operations of the Company for the six months ended December 31, 2006 and 2005. There have been no major changes in accounting policies during these periods.

During the six months ended December 31, 2006, the Company reported a loss of $974,379 or $0.03 per share compared to a loss of $675,477 or $0.05 per share during the six months ended December 31, 2005, an increase in loss by $298,902. The increase in loss was primarily due to an increase in stock compensation expense by $291,195.

The administration expenses increased by $9,000, consulting fees by $93,317, management fees by $15,000, office and miscellaneous by $2,201, professional fees by $46,229, stock based compensation by $291,195, transfer agent fees by $3,063, travel and promotion by $14,501, offset by decreases in regulatory fees by $17,536 and write-off of resource properties by $59,882, and increases in interest income by $88,398 and gains on sale of marketable securities by $11,148.

Total interest income during the six months ended December 31, 2006 was $90,058 compared to $1,660 during the six months ended in the previous year. The gain on sale of marketable securities was $12,168 during the period as compared to $1,020 during the same period last year.

The increase in consulting fees by $93,317 during the period was a result of fees paid to various parties in connection with the Company's acquisition of interests in resource properties and other potential acquisitions and fees paid relating to strategic public relations campaigns for increased investor awareness. No such fees were paid during the six months ended 2005.

The increase in management fees by $15,000 was a result of a management and administrative services agreement entered into by the Company effective October 2004 with a company controlled by a director of the Company whereby the Company agreed to pay management fees of $5,000 per month and administrative fees of $1,000 per month. The management fee was increased to $7,500 per month and administrative fee to $2,500 per month, during the year ended June 2006.

The increase in office and miscellaneous by $2,201 was a result of expenses such as telephone and internet, computer maintenance, printing, office supplies, etc.

Regulatory fees decreased by $17,536 as there were no events such as listing on the Stock Exchange or private placements during the six months ended December 31, 2006.

Travel and promotion increased by $14,501 due to various travel expenses incurred by directors for presentations arranged for various potential European investors and newswire costs for various press release disseminations.

The Company recognizes compensation expense for all stock options granted, using the fair value based method of accounting and any cash paid on the exercise of stock options is added to the stated value of common shares. The Company recorded stock compensation expense of $654,017 for the six months ended December 31, 2006 as there were options granted. For the six months ended December 31, 2005, the Company recorded $362,822 in stock compensation expense for options granted during the period.

1.5 Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Interest and Other Income	Loss	Loss per share
December 31, 2006	$	$	$
	55,286	(910,184)	(0.03)
September 30, 2006	46,939	(64,195)	(0.00)
June 30, 2006	64,657	(86,959)	(0.00)
March 31, 2006	20,619	(1,357,382)	(0.06)
December 31, 2005	2,231	(419,581)	(0.03)
September 30, 2005	449	(255,896)	(0.02)
June 30, 2005	1,123	(127,963)	(0.01)
March 31, 2005	835	(27,751)	(0.01)

Over the past eight fiscal quarters there have been no significant trends.

1.6/1.7 Liquidity and Capital Resources

The Company reported a working capital of $7,001,825 at December 31, 2006 compared to a working capital of $5,262,263 at June 30, 2006, representing an increase in working capital by $1,739,562. Net cash on hand increased by $1,533,037, from $4,920,537 at June 30, 2006 to $6,453,574 at December 31, 2006. The increase in cash resulted from an increase of $4,404,424 through issuance of capital stock net of issuance costs, proceeds on sale of marketable securities of $79,280 offset by cash utilized for operations of $469,157, purchase of marketable securities of $135,640, purchase of equipment $812, and resource properties costs of $2,345,058.

Current assets excluding cash as at December 31, 2006 consisted of receivables of $146,698 which consists of GST recoverable of $74,448 and interest receivable of $72,250 and marketable securities of $646,546. Current assets excluding cash at June 30, 2006 consisted of receivables of $228,089 which consists of GST recoverable of $165,915 and interest receivable of $62,174 and marketable securities of $576,873.

Current liabilities as at December 31, 2006 mainly consisted of accounts payable and accrued liabilities of $244,993 (June 30, 2006 - $463,236)

During the six months ended December 31, 2006, the Company generated net cash of $4,404,424 from its financing activities as follows:

(a) an aggregate of 6,567,999 warrants were exercised at a price ranging from $0.20 per share to $0.85 per share and a total of 6,567,999 common shares were issued for total proceeds of $1,538,857.

(b) 35,000 options were exercised at $0.20 per share and 35,000 common shares were issued for gross proceeds of $7,000.

(c) 100,000 shares were issued at a deemed value of $0.55 per share towards the acquisition of the Mt Alcock Property.

(d) the Company entered into a financing arrangement with Lundin Mining Corp., pursuant to which Lundin Mining will purchase units equal to just under a 10 per-cent equity position in the Company. Lundin Mining has subscribed, by way of a non-brokered private placement, for 3,685,000 units of the Company at a price of $0.78 per unit for gross proceeds of $2,874,300. Each unit consists of one common share and one common share purchase warrant. Each warrant shall entitle the purchaser to purchase, at any time within 24 months from closing, one common share of the Company at a price of $0.78. The exercise of these warrants would bring Lundin Mining's interest in the Company to approximately 18 percent.

Financing for the Company's operations was funded primarily through the exercise of options and warrants. The other sources of funds potentially available to the Company are through the exercise of outstanding stock options, share purchase warrants and brokers' warrants. See *Item 1.15 – Other Requirements – Summary of Outstanding Share Data*. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised.

The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

During the year ended June 30, 2005, the Company wrote-off all of its interests in the DA and AYL properties located in the Northwest Territories. During the year ended June 30, 2006, the Company wrote-off all of its interest in the Armstrong Brook Gold property located in New Brunswick in order to focus purely on its Akie zinc-lead property located in British Columbia. See *1.2 Over-all Performance – Akie Property* for a full disclosure on this property.

The Company's overall success will be affected by its current or future business activities. The Company is currently in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of expenditures incurred to earn an interest in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the six months ended December 31, 2006, the Company paid or accrued $45,000 (2005 – $30,000) for management fees and $15,000 (2005 – $6,000) for administrative fees to a company controlled by a director of the Company.

During the six months ended December 31, 2006, the Company paid or accrued $13,970 (2005 - $7,324) for consulting and geological services fees to a company controlled by a director of the Company

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

1.10 Subsequent Events

Subsequent to the period ended December 31, 2006:

(a) 1,800 warrants were exercised at $0.85 per share and an aggregate of 1,800 common shares were issued for gross proceeds of $1,530.

(b) 1,500,000 warrants exercisable at a price of $1.50 expired. Also, 54,363 Agents Commission Warrants exercisable at a price of $1.50 and 210,000 Agents Options exercisable at a price of $1.35 expired.

(c) Pursuant to the Company's take-over bid made December 22, 2006, as amended by its Notice of Variation dated January 10, 2007, the conditions of the Offer have been satisfied and the Company will be taking up the 43.2 million shares of Ecstall Mining Corporation which were validly tendered prior to the February 9 expiry date. On taking up these shares, Mantle will hold approximately 85% of the outstanding shares of Ecstall. Pursuant to the Offer, Mantle will be issuing and distributing to those shareholders who have tendered, 0.41 of a Mantle share for each Ecstall share tendered.

(d) The Company has also finalized the principal terms of an option agreement with Megastar Development Corp. pursuant to which the Company will have an option to earn an initial 60% interest in Megastar's SEDEX zinc properties located in Northeastern British Columbia by spending up to $2.25 million. Megastar's 100% owned SEDEX zinc properties are located within the highly prospective Gunsteel shale formation in the regionally extensive, world-class Kechika trough sedex zinc basin. The properties comprise over 18,000 hectares and are situated adjacent to and along strike the favorable geology which is host to several zinc deposits including the nearby Akie deposit where drilling has intersected extensive high-grade SEDEX style zinc-lead mineralization. A definitive agreement, which will be subject to regulatory approval, is currently being drafted. The Company will be the operator and can earn a 60% interest in Megastar's properties as follows:

    (i) Payment to Megastar of $50,000 and the issuance of 50,000 shares of the Company upon signing a definitive agreement;

    (ii) The issuance of 50,000 shares of the Company nine months from signing a definitive agreement;

    (iii) Payment to Megastar of $100,000 and the issuance of 25,000 shares of the Company on or before the first anniversary of the signing of the definitive agreement; and

    (iv) Spending $2.25 million in exploration and development over a three-year period.

1.11 Proposed Transactions

No disclosure necessary.

1.12 Critical Accounting Estimates

Not applicable to Venture Issuers.

1.13 Changes in Accounting Policies including Initial Adoption

Asset retirement obligations

The Canadian Institute of Chartered Accountants (“CICA”) recently issued a new section in the CICA Handbook, section 3110, Asset retirement obligations, which was effective July 1, 2004. The standard focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for the accretion of discount and any changes in the underlying cash flows. The asset retirement cost is to be capitalized to the related asset and amortized into earnings over time. Adoption of this standard has not affected the Company’s financial statements.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities and accounts payable and accrued liabilities. 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.

The fair value of these financial statements approximate their carrying value, unless otherwise noted.

1.15 Other Requirements

Summary of outstanding share data as at February 27, 2007

(1)	Authorized: Unlimited common shares without par value	
	Issued and outstanding:	54,571,584
(2)	Stock options outstanding:	3,122,500
(3)	Warrants outstanding:	5,779,024

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company’s Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures as at December 31, 2006 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer, have concluded that, as of December 31, 2006, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company’s annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuer’s Annual 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 of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have also concluded that there has been no change in the Company's internal control over financial reporting during the period ended December 31, 2006 that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Peeyush Varshney"

Peeyush Varshney
Director
February 27, 2007