

## **Management's Discussion & Analysis for the Year Ended December 31, 2006**

The following discussion of the results of operations and financial condition of Brigadier Gold Limited ("Brigadier Gold" or the "Company") consolidates management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2006, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and compliment the Company's 2006 audited financial statements and the notes thereto. Readers are encouraged to consult the financial statements which are available at [www.sedar.com](http://www.sedar.com) and at the Company's website [www.brigadiergold.com](http://www.brigadiergold.com). All amounts disclosed are in Canadian dollars, unless otherwise stated.

### **Highlights**

- Signed option agreement with ValGold Resources Ltd. to acquire an initial 50% interest in the historic Hunter Gold Mine, a past producer in the prolific Porcupine Gold Camp near Timmins, Ontario.
- Created an Advisory Board to augment management and board expertise in the areas of exploration strategy and business development.
- Raised over \$1.1 million, net of share issue costs, to advance the Company's projects, ending the year with \$662,738, the highest level of cash and cash equivalents in the Company's history.
- Appointed Dr. Derek E. McBride, P.Eng. as Senior Geologist.
- Completed geophysics at the Larder Lake property to establish drill targets for exploration in 2007.

### **Subsequent to Year-End**

- Raised \$345,000 via two non-brokered private placements, including \$135,000 on April 20, 2007.
- Completed a six-hole drill program at Larder Lake that returned gold assays up to 5.31 g/t over 2.35 metres, from 31.35 metres to 33.7 metres, in hole B07-04; and 2.79 g/t over 8.3 metres, from 82.5 metres to 90.8 metres, including 5.11 g/t over 1.5 metres, in hole B07-05.

### **Outlook for 2007**

At December 31, 2006, the Company was better funded, had greater depth of management and technical expertise at the board and management levels and through its Advisory Board, and had a more prospective property pipeline with the addition of the Hunter Gold Mine, than at any time during its history. In 2007, the Company intends to leverage these strengths to advance its projects.

Brigadier Gold entered the year with a drill program on its Larder Lake property that followed up on geophysics done in 2006. This program intersected significant gold grades, including 5.31 g/t over 2.35 metres between 31.35 metres and 33.7 metres in hole B07-04, and 2.79 g/t over 8.3 metres between 82.5 metres and 90.8 metres, including 5.11 g/t over 1.5 metres, in hole B07-05. With the positive results of this drilling, the Company plans a follow up program consisting of surface work and drilling scheduled to begin in the second quarter.

In addition, the Company intends to make exploration of the Hunter Gold Mine property a priority during the year. A minimum of \$250,000 is budgeted for exploration and drilling on the Hunter Gold Mine property in 2007.

Overall, the gold market remained buoyant during 2006, and indications are that robust gold prices will continue for the foreseeable future. Brigadier Gold intends to capitalize on the positive trend in the gold market and the availability of exploration capital to aggressively explore and evaluate its existing projects in an effort to enhance value for all shareholders.

### Description of the Business

Brigadier Gold is a development-stage gold exploration company with properties in some of Canada's most well-known mining areas. The Company's key assets are located in the Porcupine Mining Camp near Timmins, Ontario, from which over 60 million ounces of gold have been produced from a number of prolific deposits including the Dome, Hollinger, Pamour and Hoyle Pond mines; and the Kirkland Lake-Larder Lake and Matachewan areas, where over 37 million ounces of gold have been produced from 25 mines.

### Selected Annual Information

The following table sets out selected audited financial information of the Company for each of the last three completed financial years ended December 31.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Net Loss	\$567,387	\$296,386	\$252,749
Net Loss Per Share	\$0.04	\$0.03	\$0.02
Cash and Cash Equivalents	\$662,738	\$78,656	\$350,003
Total Assets	\$2,132,676	\$1,372,855	\$1,283,972
Long-Term Debt	\$80,000	\$80,000	\$-
Capital Raised, net of Share Issue Costs	\$1,139,330	\$126,623	\$785,380

### Summary of Quarterly Results

Selected financial information for each of the last eight quarters ended December 31, 2006 is as follows (unaudited):

\$	<b>2006</b>				<b>2005</b>			
	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
Revenue	3,935	4,543	1,099	224	108	267	1,417	1,691
Net Loss	127,631	92,687	272,523	74,546	71,527	73,612	78,858	72,389

### Discussion of Operations and Financial Condition

For the year ended December 31, 2006, revenue from interest income was \$9,801, compared with \$3,483 for the year ended December 31, 2005. Net loss for the year totaled \$567,387, or \$0.04 per share, compared with \$296,386, or \$0.03 per share for the year ended December 31, 2005. The increased loss during the 12-month period was primarily due to higher salaries, directors fees and benefits expensed during the year (\$333,688, compared with \$154,474 in the 12-month period ended December 31, 2005), higher consulting fees (\$81,370 compared with nil in the prior year) and an increase in general and administrative expenses (\$49,212 in 2006 versus \$31,681 in 2005) resulting

from an overall increase in corporate activity. In general, the Company expects costs to come in at similar levels to those incurred during 2006 going forward, in-line with a growth strategy that calls for increased exploration activity on the Company's gold properties.

As an exploration company, Brigadier Gold has no operating revenue; project and administrative costs are funded by the sale of common shares in private placement transactions and through the exercise of previously issued warrants. During the most recently completed year, the Company issued 9,518,897 common shares pursuant to private placements for total consideration of \$1,058,930, net of issue costs. This compares with 400,000 common shares issued pursuant to private placements during the year ended December 31, 2005 for total consideration of \$48,000.

In addition, the Company issued 976,850 common shares for total consideration of \$97,685 in settlement of debt (2005-161,425 shares, \$27,442) and 625,000 shares for property under option agreement for total consideration of \$101,000 (2005-224,000 shares, \$40,500). Share issue costs during 2006 totaled \$124,427, compared with \$1,377 in 2005.

### **Outstanding Share Data**

At December 31, 2006, the Company had 23,247,754 common shares issued, outstanding and trading on the TSX Venture Exchange under the symbol BRG. In addition, there were 2,298,600 stock options outstanding and 8,287,919 warrants outstanding which, if exercised, would bring the issued common shares to a total of 30,973,063 and would generate proceeds of \$1,352,031.

### **Critical Accounting Estimates**

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration expenditures as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The future volatility is also uncertain and the model has its limitations.

The Company's recoverability of the recorded value of its mineral properties and associated deferred exploration and development expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

### **Risks and Uncertainties**

#### ***Exploration and Development Risks***

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties have a

known body of commercial ore. Major expenditures may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

The capitalized expenditures related to the exploration and development of mineral properties will be amortized over the estimated economic life of a property once commercial production commences. If the value of a property is impaired or abandoned the related project cost balances would be written off.

### ***Financing Risks***

The Company has no operating cash flow and there is no assurance that sufficient funding will continue to be available to it for corporate and administration expenses, for property acquisitions and for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require additional financing for corporate and administration expenses and for exploration and development if ongoing acquisition and exploration of its properties is warranted.

### ***Environmental Matters***

All phases of the Company's operations are subject to environmental regulations in the jurisdiction in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties or by illegal mining activities.

Government approvals and permits are sometimes required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of mineral properties.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

### ***Controls and Procedures***

As of December 31, 2006 an evaluation was carried out by the Chief Executive Officer and Chief Financial Officer of the effectiveness of disclosure controls and procedures as defined in Multilateral Instrument 52-109. Based on that evaluation, the Chief Executive Officer concluded that the design and operation of these disclosure controls and procedures were effective as of December 31, 2006 and appropriate given the size of the Company.

## **Forward Looking Statements**

These financial statements and management's discussion and analysis contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate," "believe," "expect," "goal," "plan," "intend," "estimate," "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: failure to establish estimated resources and reserves; the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; delays in obtaining or failures to obtain required governmental, environmental or other project approvals; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of projects and other factors.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.