

**INTERNATIONAL BARYTEX RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006**

Date of Information

The date of the information contained in this Management Discussion and Analysis (“MD&A”) covers the period from January 1, 2006 through April 20, 2007. The following information should be read in conjunction with the audited financial statements for the year ended December 31, 2006 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles.

This MD&A may contain statements that are forward-looking in nature, involving known and unknown risks and uncertainties such as general economic and business conditions, operating costs, changes in foreign currency exchange rates, and other factors. Since forward-looking statements address future events and conditions, by their nature, they involve inherent risks and uncertainties. Therefore, actual results may be materially different from those expressed or implied in such statements.

Additional information relating to the Company is available on the SEDAR website at www.sedar.com

Description of Business

International Barytex Resources Ltd. (the “Company”) is a natural resource corporation currently engaged in the identification, acquisition, evaluation and exploration of mineral properties, especially with the potential to host base metals and is currently active in the Democratic Republic of Congo (“DRC”). The Company is a reporting issuer in British Columbia and trades on the TSX Venture Exchange under the symbol IBX.

Overall Performance

The Company is in the exploration and early development stage and has no operating revenue. Since the acquisition of the Shituru copper-cobalt Property in May 2005, the Company has devoted its resources towards development of this property located in the DRC.

During the year ended December 31, 2006, the Company completed a private placement of 4,883,721 units at the price of \$2.15 per unit for a total proceeds of \$10,500,000 before share issuance costs. In addition, there were 480,000 stock options and 3,715,665 warrants exercised to net the Company \$91,900 and \$5,201,931 respectively.

During the year ended December 31, 2006, the Company incurred a total of \$128,312 in equipment costs, \$8,450,410 in property payments and acquisition costs paid in cash and shares of the Company, and \$4,437,179 in deferred costs. The majority of these expenditures are related to the Shituru Property. The Company has earned 60% interest in East China Capital Holdings Ltd. which company’s sole asset is an option to acquire a 75% share interest in the Shituru copper-cobalt deposit in Congo.

During the year ended December 31, 2006, the Company incurred a net loss of \$606,367 after allocating \$459,764 as project management fees to the Shituru Property. Non-recurrent expenses during the year included non-cash expense of \$781,396 in stock-option compensation and \$21,677 in write down of deferred costs.

Management

On July 6, 2006, the Company announced the appointment of Mr. A.L. (Alf) Hills, P.Eng. as CEO and director. Mr. Hills, a graduate of the University of British Columbia in Mining and Mineral Processing, has 30 years of experience in international mine evaluation, development and operations, 26 years of which were with Placer Dome Inc. Most recently he was Vice-President, Evaluations for Placer Dome with responsibilities for development and acquisition opportunities as well as other corporate activities, including project oversight.

Mr. Hills was also responsible for monitoring Placer Dome's Mineral Resources and Mineral Reserves. He was part of the industry working groups that developed the CIM and SME guidelines for Mineral Resource and Mineral Reserve Estimation. He is also a member of the Mining Task Force & Advisory Committee to the Canadian Securities Administrators'.

Prior to moving to Vancouver in 1999, Mr. Hills was Mine General Manager for 5 years at Placer's Kidston mine in Australia. Prior to Kidston he was involved with the 4-B development of the Porgera Mine in Papua New Guinea (PNG) and also spent 5 years at the Misima Mine in PNG during construction, commissioning, start-up and operations.

Mr. Hills will take a leading role in directing the development of the Shituru copper-cobalt property in the Democratic Republic of Congo as well as assessing other mine development opportunities.

Exploration and Property Acquisition and Disposition

Mel Zinc-Lead-Barite Property

The Mel zinc-lead-barite property is located in the Watson Lake Mining Division, in southeast Yukon, approximately 100 kilometers northeast of the town of Watson Lake. International Barytex acquired from Breakwater Resources Ltd. ("Breakwater") a 100% interest in the Mel Property which currently consists of 257 claims. To date the Company paid a total of \$1,000,000 and incurred \$1,372,375 (including \$472,706 by Cominco) expenditures on the property. The Company also issued 600,000 common shares of the Company to Breakwater and has agreed to pay a royalty of 1% of any net smelter return from the property to Breakwater. The cost of the Mel project was written down to a nominal value of \$1 during the year ended December 31, 2004. Subsequent to December 31, 2004, all deferred exploration costs relating to this property were written off in the period when they were incurred. The Company still considers the Mel property to be of merit and expects to continue with exploration of the property when there is a sustained improvement in base metal prices.

Barb Zinc-Lead-Silver Property

The Barb zinc-lead-silver property is located in the Watson Lake Mining Division in southeast Yukon, approximately 100 kilometers north of the town of Watson Lake. The property consists of 31 mineral claims. Historic exploration on the property has outlined a small deposit of zinc, lead, and silver. In 1998, an airborne geophysical survey conducted over the property outlined several geophysical anomalies that warrant testing.

The cost of the Barb property was written down to a nominal value of \$1 during the year ended December 31, 2004. Subsequent to December 31, 2004, all deferred exploration cost relating to this property were written off in the period when they were incurred. The Company still considers the Barb property to be of merit and expects to continue with exploration of the property when there is a sustained improvement in base metal prices. A program of ground geophysical surveying to detail potential drill targets is under consideration.

China Project (Dulong Tin – Zinc Property)

The Dulong tin-zinc property is located in southeast Yunnan Province, China. The Company entered into a new agreement in January 16, 2003 with Asia Now Resources Limited ("AN") replacing a November 7, 2002 agreement with AN. Under the new agreement, the Company was granted an option to acquire all of AN's interest (up to 75%) in the Dulong tin-zinc property by issuing to AN 2,500,000 shares of the Company as follows:

- 625,000 shares upon receipt of a business licence by the joint venture company which is to be formed in China to hold the property;
- an additional 625,000 shares after expenditure by the Company of US\$1,500,000;
- an additional 625,000 shares after further expenditures by the Company of US\$2,500,000;
- the balance of 625,000 shares after further expenditure by the Company of US\$3,000,000.

The agreement is subject to approval by the Chinese authorities who are parties to the underlying agreements of the assignment of interest in the property (such approval has been granted), the issuance of a business licence to the joint venture company, and approval of the TSX Venture Exchange.

In May 2003, the Company received an Independent Technical Report by Hatch, an international engineering firm, on the Dulong tin-zinc property in Yunnan Province, China. The report states that “additional work on the technical and economic aspects of a future operation at Dulong is warranted to advance the project through a pre-feasibility study.” Hatch concludes that a significant Inferred Resource in the order of 51 million tonnes grading 5.02% zinc and 0.58% tin exists on the Dulong property, placing Dulong within the top three tin resources in China. Callum Grant, P. Eng. of Hatch was the qualified person under NI43-101 for this estimate. Approximately 90% of the Inferred Resources on the Dulong property lies within the Manjianzhai portion of the property with the balance in Tongjie and other satellite showings. A large portion of the resource appears to be accessible by open-pit mining. Production records and underground development provide support for the Chinese surface drilling results and, by extension, the Inferred classification of the resource.

The following pre-feasibility work was recommended by Hatch:

1. Confirmation drilling and open-pit mine design.
2. Expanded metallurgical testing at a Canadian Laboratory to confirm process conditions and metal recoveries.
3. Scoping level environmental studies, including waste rock characterization and acid base accounting tests.
4. Site geotechnical investigation of potential tailings dam and waste rock storage areas.

It is estimated that a budget of between US\$1.2 to US\$1.4 million would be required to complete all the necessary field work, metallurgical test-work, drilling and related studies.

During the year ended December 31, 2004, the Company held further follow-up discussions in Yunnan, China and identified that the privatization process involving the Dulong tin-zinc property, initiated by the government has been completed. As a result a new company, The Yunnan Hualian Zinc-Indium Co. Ltd. will hold the rights to the Dulong mine. The Company is in discussions regarding involvement with the new company for the development of the Dulong project. It is not known when these discussions might be concluded or if they will be successful. The Company’s primary objective is to negotiate a suitable agreement.

Total costs of \$158,713 incurred on this project were written down to a nominal value of \$1 during the year ended December 31, 2004. The remaining balance was written off during the year ended December 31, 2005. Subsequent to 2005, all deferred exploration costs relating to this property were written off in the period when they were incurred.

Shituru Property, Congo

By agreement dated May 27, 2005 and subsequently amended on February 20, 2006 and April 26, 2006, the Company acquired an option to purchase up to an 86.67% interest in East China Capital Holdings Ltd. (“ECCH”) which company’s sole asset is an option to acquire a 75% share interest in the Shituru copper-cobalt deposit from Generale Des Carrieres et des Mines (“Gecamines”) by agreeing to provide all funds to place the property into production. When the option is fully exercised, the Company will indirectly hold a 65% interest in the Shituru Property which is located one kilometer east of the Gecamines hydro metallurgical complex on the eastern limits of the city of Likasi in the Democratic Republic of Congo (“DRC”). In accordance with the terms of the agreement, the Company agreed to pay a total of US\$5,000,000 and issue 6,950,000 common shares of the Company in stages to the vendors of the property as follows:

- (1) payment of US\$200,000 upon execution of the agreement (paid);
- (2) payment of US\$1,300,000 (paid) and issuance of 1,600,000 common shares (issued) of the Company to acquire a 30% interest in ECCH within five days following the later of the date when the agreement is accepted for filing with the TSX Venture Exchange and the date when the legal title to the Shituru Property has been transferred to a joint venture corporation (“TSX Acceptance Date”);
- (3) payment of US\$500,000 (paid) and issuance of 1,600,000 common shares (issued) of the Company on or before February 18, 2006 plus US\$500,000 on or before May 18, 2006 (paid) to acquire an additional 20% interest in ECCH;
- (4) payment of US\$1,000,000 on or before May 18, 2006 (paid) to acquire an additional 10% interest in ECCH;
- (5) payment of US\$1,500,000 and issuance of 2,150,000 common shares of the company to acquire an additional 5% interest in ECCH upon completion of a feasibility report and a production decision is made (not due);
- (6) issuance of 1,600,000 common shares of the Company to acquire an additional 21.67% interest in ECCH upon commencement of commercial production (not due).

In addition to the above, the Company must also assume certain obligations with respect to the underlying option agreement between ECCH and Gecamines, which includes US\$300,000 payment (paid) within seven months of legal title transfer to the joint venture company, US\$700,000 payment within 30 days of submission of the feasibility study, and a further US\$1,500,000 payment in seven monthly payments commencing in the fourth month after the start of commercial production. The property is subject to a 1.5% to 2% net sales revenue royalty to be negotiated depending on the results of the feasibility study.

On September 20, 2005, the TSX Venture Exchange accepted for filing the acquisition of the Shituru Property. On November 18, 2005, the legal title to the Shiruru Property was transferred to the joint venture corporation. As of December 31, 2006, the Company has earned 60% interest in ECCH.

On March 6, 2006, the Company initiated a staged drilling program intended to quantify size, grade and mineralogy of the Shituru deposit as well as provide a representative sample for metallurgical testing. The program started with one drill; a second drill capable of drilling deeper holes was sourced for the program and commenced drilling in Feb 2007.

The initial drilling (Phase 1) consisting of about 4,000 metres was designed to explore the down-dip extension of the oxide mineralization historically mined by Gecamines and to test mineralization along strike. A total of 25 holes were drilled and this phase was completed late in 2006 and confirmed broad zones of copper oxide mineralization over about 800 metres of strike length. The widths of mineralization appear to narrow at the East and West ends of the deposit and sulphide mineralization was intersected, about 180 metres below surface in the deepest holes drilled.

Recent drilling (Phase 2) has concentrated on near surface oxide mineralization, down-dip extensions and further testing of East and West extensions to the deposit. This phase of drilling includes a total of about 3,000 metres in 21 holes.

In April 2007, the Company started drilling for Phase 3 and so far about 5,000 meters in 24 holes have been completed.

The results indicate there is better grade copper oxide mineralization in the upper regions of the deposit generally confirming high copper grades reported from historic trenching by Gecamines. Cobalt grades are variable and appear to be of better grade at the extremities of the known deposit. The mineralization consists of predominately malachite with minor chrysocolla and chalcocite hosted in dolomitic sediments and volcanoclastic rocks occupying an anticlinal structure.

In summary, the Company has drilled a total of 12,000 meters in 70 holes. In general terms, drilling to date has intersected two parallel south-dipping zones of stratiform copper-cobalt mineralization over significant thicknesses. Near surface the mineralization appears pervasive, cuts lithology, and is of a higher grade than at depth. The Company considers the deposit to consist of zones of broadly stratabound mineralization typical of the Congo Copperbelt with dips varying from 60 to 85 degrees. Assays results to date show an average of 72 meters over four zones with an average grade of 3.7% in copper and 0.07% in cobalt. Detail results of these assays are available on the Company's website at www.barytex.com

Management remains focused on characterizing the oxide mineralization with the current exploration program to a level sufficient to support a Mineral Reserve estimate. The presence of copper sulphide mineralization at relatively shallow depths is encouraging and further depth testing will continue with the second drill now on-site.

Core samples were sent to Alfred H. Knight (Zambia) Limited laboratories located at Kitwe, Zambia and to ALS/Chemex located in Johannesburg for preparation and analysis. Alfred H. Knight (Zambia) Limited has ISO/IFC 17025 accreditation for analysis of minerals and metals and is SANAS accredited for Copper and Cobalt.

All samples were prepared to normal industry standards and assayed for total copper, acid soluble copper, total cobalt, acid soluble cobalt and Calcium oxide (CaO). In addition to the laboratory's internal quality control measures, the Company has implemented a quality assurance and quality control program which includes insertion of appropriate standards and blanks into the sample stream.

Bruno Barde, P. Geo., Exploration Manager for the Company, is supervising the drilling program. Mr. Barde is a qualified person as defined under National Instrument 43-101.

Deferred Exploration Costs:

	Mel Property	Barb Property	Shituru Property	China Project	Total
Three months ended December 31, 2006					
Balance, September 30, 2006	\$ -	\$ -	\$ 3,123,331	\$ -	\$ 3,123,331
Addition during the period:					
Amortization	-	-	16,356	-	16,356
Assay and analysis	-	-	146,931	-	146,931
Drilling	-	-	456,895	-	456,895
Field expenses	-	-	96,306	-	96,306
Geological consultants	-	-	144,808	-	144,808
Office administration	-	-	96,984	-	96,984
Preseasibility study	-	-	3,734	-	3,734
Project management fees	-	-	459,764	-	459,764
Salaries, wages and benefits	-	-	135,813	-	135,813
Taxes	-	-	198,159	-	198,159
Travel and accommodation	-	-	37,819	-	37,819
Vehicle and equipment expenses	-	-	8,613	-	8,613
	-	-	1,802,182	-	1,802,182
Written off during the period	-	-	-	-	-
	-	-	1,802,182	-	1,802,182
Balance, December 31, 2006	\$ -	\$ -	\$ 4,925,513	\$ -	\$ 4,925,513
Year ended December 31, 2006					
Balance, December 31, 2005	\$ -	\$ -	\$ 488,334	\$ -	\$ 488,334
Addition during the period:					
Amortization	-	-	44,866	-	44,866
Assay and Analysis	-	-	199,223	-	199,223
Drilling	-	-	1,444,725	-	1,444,725
Environmental study	-	-	12,000	-	12,000
Field expenses	-	-	619,541	-	619,541
Geological consultants	-	-	360,661	-	360,661
Office administration	-	-	234,508	-	234,508
Permits and fees	105	3,255	13,719	-	17,079
Preseasibility study	-	-	94,347	-	94,347
Project management fees	-	-	459,764	-	459,764
Salaries, wages and benefits	-	-	374,567	-	374,567
Surveys	-	-	11,916	-	11,916
Taxes	-	-	198,159	-	198,159
Travel and accommodation	3,554	-	342,739	14,763	361,056
Vehicle and equipment expenses	-	-	26,444	-	26,444
	3,659	3,255	4,437,179	14,763	4,458,856
Written off during the period	(3,659)	(3,255)	-	(14,763)	(21,677)
	-	-	4,437,179	-	4,437,179
Balance, December 31, 2006	\$ -	\$ -	\$ 4,925,513	\$ -	\$ 4,925,513

An initial Mineral Resource estimate is being prepared by an independent 3rd party engineering firm. This estimate will be used as the basis for a Preliminary Assessment which will consider technical and economic aspects of the Shituru deposit. The Preliminary Assessment is expected to be completed in the second quarter of 2007 and will provide a scoping study level of detail for Shituru and identify areas requiring further study and refinement during the Feasibility Study. The company intends to proceed with a Feasibility Study following completion of the Preliminary Assessment.

The Company has engaged consultants to carry out a variety of scoping level engineering studies to assess the technical viability of developing the Shituru deposit. In particular a representative sample from the deposit is being tested to determine the most suitable metallurgical process for Shituru.

Relations with the community of Likasi, a town of approximately 250,000, have been cordial. Artisanal miners working at Shituru peacefully vacated the site early in the year after a period of discussion with the Company. The Company has employed about 200 local residents during the exploration program carried out in 2006 and is now a significant employer in the area. The Company received recognition for its community relations from Association of Lubumbashi Journalists of DRC on February 10, 2007.

The Company continues to review other opportunities in the mineral resource industry.

Selected Annual Information

Year Ended	Revenue (\$)	Operating Income (Loss) (\$)	Basic & Fully Diluted Loss per Share (\$)	Total Assets (\$)	Long Term Liabilities (\$)	Cash Dividend (\$)
December 31, 2006	251,500	(606,367)	(0.02)	27,108,609	Nil	Nil
December 31, 2005	77,135	(1,069,557)	(0.04)	5,332,196	Nil	Nil
December 31, 2004	20,766	(1,307,868)	(0.06)	709,492	Nil	Nil

The Company is in the exploration and early development stage and has no operating revenue except management fees charged to an affiliated company with common directors and management. During the last three years, the Company incurred significantly higher losses due to non-cash expenses in stock-option compensation and losses from write-down of deferred costs. The loss for the year ended December 31, 2006 became lower mainly due to recovery of \$459,764 from the Shituru Property as project management fees. Since inception, the Company has been incurring losses. It is estimated that the Company will continue to incur losses in the immediate future until a mineral property is developed and in commercial production.

As a result of the private placements in 2005 and 2006, the Company raised a total of \$13,978,124 net of share issuing expenses. In addition, the Company received a total of \$5,554,431 from exercise of warrants. Accordingly, the Company significantly increased its assets to \$27,108,609 as of December 31, 2006. It is expected that the Company's annual expenditures will vary widely depending on the Company's ability to raise funds, drilling results from the mineral properties, metal prices, and the market conditions.

Results of Operations

The Company's revenue during the three months ended consisted of management services provided to a junior mining company in the amount of \$10,140 (2005 - \$10,140) and interest income of \$112,825 (2005 - \$21,096). The Company's interest income was significantly higher than the same period last year due to cash received from the new private placement and warrants exercised. The Company recorded net earnings during the three months ended December 31, 2006 of \$374,450 as compared to net loss of \$76,008 during the same period last year. During the quarter, major expenses were as follows:

- i) Stock-based compensation of \$151,227 (2005 - \$Nil) being option benefits for extending 90,000 stock options to a director;
- ii) Professional fees of \$29,886 (2005 - \$13,656) which included \$16,000 in audit fees, 7,056 in legal and \$6,830 in accounting fees;
- iii) Management fees of \$22,500 (2005 - \$10,200);
- iv) Cost recovery of \$459,764 (2005 - \$Nil) being project management fees allocated to Shituru Project;

The Company's revenue during the year ended December 31, 2006 consisted of management services provided to a junior mining company in the amount of \$40,560 (2005 - \$40,560) and interest income of \$210,940 (2005 - \$36,575). The Company's interest income was significantly higher than the same period last year due to cash received from warrants

exercised. The Company recorded a net loss during the Year ended December 31, 2006 of \$606,367 as compared to \$1,069,557 during the same period last year. The lower losses were mainly the result of the recovery of \$459,764 (2005 - \$Nil), being project management fees allocated to the Shituru Project.

During the year ended December 31, 2006, major expenses were as follows:

- i) Stock-option compensation of \$781,396 (2005 - \$818,584) relating to deemed stock option benefits arising from extending the expiry date for 90,000 stock options and granting of 375,000 stock options which were vested during the period;
- ii) Management fees of \$75,900 (2005 - \$40,800);
- iii) Wages and benefits of \$143,774 (2005 - \$70,563) which included two full time and one part-time employees;
- iv) Professional fees of \$72,997 (2005 - \$30,782) which included \$25,500 in audit fees, \$27,682 in legal and \$19,815 in accounting fees;

Investor Relations

During the period, investor relations services were provided by the Company's employee, Mr. Ivan Bebek. Duties included acting as the Company's investor relations contact, preparing materials for publication purposes, maintaining the Company's website and handling investment dealer communications.

Summary of Quarterly Results

Quarter Ended	Revenue (\$)	Operating Income (Loss) (\$)	Basic & Fully Diluted Loss per Share (\$)	Total Assets (\$)	Long Term Liabilities (\$)	Cash Dividend (\$)
December 31, 2006	122,965	374,450	0.01	27,108,609	Nil	Nil
September 30, 2006	70,207	(511,506)	(0.01)	26,485,899	Nil	Nil
June 30, 2006	30,717	(146,010)	-	16,281,464	Nil	Nil
March 31, 2006	27,611	(323,301)	(0.01)	11,295,900	Nil	Nil
December 31, 2005	31,236	(76,008)	(0.00)	5,332,196	Nil	Nil
September 30, 2005	20,217	(875,153)	(0.04)	5,505,335	Nil	Nil
June 30, 2005	12,949	(80,976)	(0.00)	949,490	Nil	Nil
March 31, 2005	12,733	(37,420)	(0.00)	1,024,457	Nil	Nil

During the last eight quarters, the Company's operating losses varied widely. The fluctuation was caused by cost recovery from Shituru Project as project management fees, non-cash expenses of a non-recurring nature such as stock-option compensation expenses and write-down of deferred costs.

It is estimated that the Company will continue to incur losses in the immediate future quarters until a mineral property is developed and in commercial production. The losses would continue to fluctuate widely depending on non-cash expenses such as stock-option compensation and write down of deferred costs during the quarter.

Liquidity and Capital Resources

As at December 31, 2006, the Company had working capital of \$11,414,797 (December 31, 2005 - \$2,858,556), and cash and cash equivalent plus short-term investment of \$11,341,004 (December 31, 2005 - \$2,362,071) and no long term debts. The Company believes that it has sufficient funds to finance its operations for the next twelve months.

In September 2006 the Company completed a private placement of 4,883,721 units at the price of \$2.15 per unit which consists of one common share and one warrant to net the Company \$9,481,649 net of share issuing expenses. Each warrant entitles the holder to purchase one common share at the price of \$2.55 for a period of two years. The warrants will be subject to an acceleration clause whereby if the common shares of the Company trade above \$3.50 for a period of 20

consecutive trading days at any time after four months and one day after closing the private placement, the Company may require warrant holders to exercise the warrants within 30 days of formal notice from the Company. In consideration for the above financing, the Company will have to pay certain finders a total of \$278,273 in commissions, and 142,953 in finders' units with the same terms as the private placement units sold, and issue 447,255 in finders' warrants subject to the same terms as the private placement warrants.

During the year ended December 31, 2006, the Company also received \$91,900 from stock options exercised at an average price of \$0.19 per share and \$5,201,931 for warrants exercised at the price of \$1.40 per share.

During the annual general and special meeting on May 18, 2006, the Company passed a special resolution to increase its authorized common share capital to an unlimited number of common shares.

The Company's ability to continue as a going concern is dependant upon the ability of the Company to generate profitable operations in the future, and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Stock Options

On January 10, 2006, the Company issued 25,000 stock options to Bruno Barde, who was appointed as Exploration Manager, exercisable at a price of \$1.54 per share for a period of five years. On July 5, 2006, an additional 25,000 stock options were issued to Bruno Barde at a price of \$2.28 per share for a period of five years. On March 27, 2006, the Company issued 50,000 stock options to a consultant and 75,000 stock options to Michael Liu who was appointed as director of the Company, exercisable at a price of \$1.62 per share for a period of five years.

In July 2006, Alfred Hills, the new CEO and director was granted incentive stock options to purchase a total of 500,000 common shares of the Company at \$2.31 per share with 200,000 options vested immediately and the remaining 300,000 vesting annually at 100,000 per year for the next 3 years. Any shares issued under the option granted will be subject to a 4 month hold period from the date of granting pursuant to the policies of the Exchange.

In December 2006, the Company extended the expiry date of 90,000 stock options which were granted to a director.

On March 19, 2007, the Company announced that it has granted stock options to directors, officers, employees and consultants to purchase a total of 540,000 common shares of the Company for a period of five years at a price of \$1.87 per share.

Related Party Transactions

During the Year ended December 31, 2006, the Company paid \$75,900 (2005 - \$40,800) for management services to H. Leo King & Associates Inc., a company controlled by Leo King, the President of the Company. The Company entered into a contract with H. Leo King & Associates Inc. to provide management services. Effective February 1, 2006, the contract was revised to increase the fees for management services from \$3,400 to \$5,500 per month. Effective July 1, 2006, the contract was further revised to increase the fees for management services to \$7,500 per month for a period of three months renewable at the end of each period.

For the year ended December 31, 2006, the Company incurred \$19,815 (2005 - \$7,020) for accounting services to Albert Wu & Associates Ltd., ("AWA") a private corporation controlled by Albert Wu who is the Chief Financial Officer of the Company. As of December 31, 2006, a balance of \$2,318 payable to AWA remained outstanding.

As of December 31, 2006, a total of \$72,104 was due from Kobex Resources Ltd. ("Kobex"), Pacific Imperial Mines Inc. ("PPM"), certain directors and officers for travel advances, and a private corporation, with common directors and officers, for their share of the office rent, administration and general office expenses. The amount due was non-interest bearing, unsecured, with no fixed terms of repayment.

During the year ended December 31, 2005, the Company wrote off bad debts in the amount of \$1,243 due by a related company.

Risk and Uncertainties

The Company holds an interest in a mineral property in Congo and as such is exposed to the laws governing the mining industry in that country with respect to such matters such as taxation, repatriation of profits, restrictions on production, export controls, environmental compliance, and expropriation of property or limitations on foreign ownerships, as well as shifts in the political stability of the country and labour unrest, any of which could adversely affect the Company and its exploration and production activities in the country.

The Company's business, results of operations, financial condition, and the trading price of its common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits, metal prices, title matters, reclamation costs, copper and cobalt price volatility, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are accounts receivable, equipment, and amortization, asset retirement obligations, future income taxes, stock-option compensation and other accrued liabilities and contingent liabilities.

At December 31, 2006, the net book value of equipment amounted to \$159,712. Amortization of these costs is calculated on the declining balance method using estimated percentages.

The Company has estimated the present value of estimated future asset retirement costs for the Shituru Property to be \$Nil at December 31, 2006. Estimates of these closure costs and the expected timing of their incurrence are reviewed periodically. It is possible that the Company's estimates of its ultimate asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, cost estimates or the estimated remaining ore reserves.

The Company recorded stock-based compensation expense of \$781,396 and share issuance costs of \$359,843 based on an estimate of the fair value of the options and finders' warrants on the grant dates respectively. This accounting required estimates of interest rates, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

Off-Balance-Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

Disclosure and Internal Financial Reporting Control and Procedures

The Company has evaluated its disclosure and internal financial reporting controls and procedures as of December 31, 2006 and concluded that the Company's disclosure and internal financial reporting controls and procedures, as at December 31, 2006, are effective in ensuring that material information is disclosed adequately and timely. The Company's disclosure and internal financial reporting controls and procedures can only provide reasonable assurance and not absolute assurance and the Company will re-evaluate its system and make necessary improvements from time to time.

Latest Outstanding Share Data

As of April 20, 2007, the Company had the following outstanding securities:

(1)	Common shares issued	40,625,775
(2)	Stock options	2,735,000
(3)	Share warrants	6,606,671