

**MBA GOLD CORP.**  
Form 51-102F1  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**NINE MONTHS ENDED OCTOBER 31, 2004**

## **1. Report Date and Description of Business**

The following Management's Discussion and Analysis ("MD&A") is prepared as of December 6, 2004 and should be read in conjunction with the interim financial for the nine months ended October 31, 2004 and the Company's annual report for the year ended January 31, 2004. These documents can be found on the Company's website or at [www.sedar.com](http://www.sedar.com). All dollars figures stated herein are expressed in Canadian dollars.

MBA Gold Corp. (the "Company" or "MBA") is a natural resource company whose strategy is to acquire a portfolio of resource properties that have established resource potential and require further exploration or development work. Exploration Properties, as described below, are the first projects undertaken by MBA in furtherance of this strategy. As well the company has continued an aggressive search for new mining, natural gas and oil properties which meet its overall strategy of generating cash, or that have the potential to generate near term cash flow. The S310 Gold Property, and Dover / Gautreau oil and gas prospect are two properties the Company intends to focus on over the coming months. During the first nine months of fiscal 2005 the Company incurred *Deferred Exploration Costs* of \$21,866 and *Project Investigation Fees* of \$43,338.

## **2. Overall Performance**

During the third quarter of Fiscal 2005 the Company focused its activities on acquiring projects, arranging financing and preparing for the upcoming exploration programs. During the quarter the Company acquired the S310 gold exploration property in Humboldt County Nevada and the Dover / Gatreau oil and gas prospects located in New Brunswick, both of which are described below. On August 17, 2004 the Company announced the formation of its wholly-owned subsidiary **MBA Energy Corporation**, which will be the Company's operating vehicle for its oil and gas projects. Management, with the approval of its shareholders, felt it would be very advantageous for the Company to diversify from its exclusive focus on precious metals, into other sectors of the resource industry including oil & gas.

On October 29, 2004 the Company announced that is proceeding, subject to regulatory approval, with a non-brokered private placement to raise \$1,000,000 by way of issuance of 5,000,000 Units at a price of \$0.20 per unit. Each Unit will consist of one common share and one warrant exercisable to purchase an additional share at a price of \$0.25 per share for one year. Approximately 75% of the Units will be flow through units, the proceeds of which will be used for drilling on the Dover / Gautreau oil and gas project. It is expected that the first exploration well on the project will be drilled in the fourth quarter of fiscal 2005.

## **Development Properties**

### **World Beater Project**

On November 5, 2002 the Company entered into an agreement with Compass Minerals Ltd., ("Compass"), whereby the Company has the option to acquire up to a 60% interest in the World Beater Gold Project. During the fiscal 2004 year, the Company earned its initial 30% interest by carrying out an exploration program of at least U.S. \$500,000 by December 2003. A further 30% interest can be earned by completing a pre-feasibility study on the property by September 30, 2004. If additional exploration is warranted this date can be extended. The Company has elected not to complete the pre-feasibility study at this point and is currently reviewing various options for the property. Depending upon the Company's course of action Compass could retain the remaining 40% interest as a joint venture partner if it elects to contribute to the cost of a bankable feasibility study, otherwise Compass's interest will be converted to 20% carried interest and the Company will acquire the remaining 20% interest.

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S310 Gold Property

On September 29, 2004 the Company, through its wholly owned subsidiary Manele Bay Goldfield Inc., optioned a 100% interest in a group of 12 unpatented lode mining claims (the "S310 Property") adjacent to the Sleeper Gold Mine in Humboldt County, Nevada. The S310 Property option agreement calls for an initial payment of \$10,000 and the issuance of 75,000 common shares of MBA. In order to maintain the option in good standing, MBA must pay a further \$7,500 and issue an additional 50,000 shares over each of the next 3 years and incur exploration expenditures of an aggregate of \$400,000 by July 31, 2007. The Company's interest will be subject to a 3% net smelter return royalty, 1.5% of which can be bought out for \$1.5 million.

Dover and Gautreau Oil and Gas Project

On August 18, 2004 the Company entered into an oil and gas farm in agreement with Contact Exploration Inc. (TSX-V: CEX) of Calgary, Alberta whereby the Issuer has the right to earn a 50% working interest in the Dover and Gautreau oil and gas prospects in Eastern New Brunswick by incurring 100% of the costs of drilling and completing an initial exploration well on each prospect. The agreement is subject to regulatory approval, which has not yet been obtained, although it is anticipated that the approval will be obtained and the drilling will commence in the 4<sup>th</sup> quarter of fiscal 2005.

Proceeds from the private placement announced on October 29, 2004 (see above) will be used to fund the costs of drilling the initial well on the Dover Prospect.

Market Trend

Gold prices have improved significantly during the 2004 calendar year averaging approximately US\$420/oz. In addition oil prices have increased by over 75% in the last year, natural gas prices have risen by 30% and the long-term price trends appear strong.

**3. Selected Annual Information**

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, and are expressed in Canadian dollars.

<b>Balance Sheet</b>	<b>As at January 31 2004 audited</b>	<b>As at January 31 2003 audited</b>	<b>As at January 31 2002 audited</b>
Current assets	104,512	15,970	21,933
Other assets	1,039,906	179,352	1
<b>Total assets</b>	<b>1,144,418</b>	<b>195,322</b>	<b>21,934</b>
Current liabilities	71,189	20,122	55,624
Shareholders' equity	1,073,229	175,200	(33,690)
<b>Total shareholders' equity &amp; liabilities</b>	<b>1,144,418</b>	<b>195,322</b>	<b>21,934</b>

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<b>Operations</b>	<b>Year ended January 31 2004</b>	<b>Year ended January 31 2003</b>	<b>Year ended January 31 2002</b>
Accounting and audit	21,377	7,084	28,391
Amortization	3,936	-	-
Consulting	155,579	80,096	37,859
Insurance	-	-	41,065
Investor relations	70,605	-	-
Legal	2,116	30,436	33,273
Office	77,517	41,107	30,587
Project investigation fees	-	9,260	-
Rent (recovery)	11,499	-	(7,765)
Transfer agent and filing fees	39,053	-	-
Foreign exchange loss	24,324	-	-
Interest (income)	(3,258)	(777)	-
	<b>(402,748)</b>	<b>(167,206)</b>	<b>(163,410)</b>
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)	\$ (0.05)
Weighted-Average number of shares Outstanding	9,457,732	5,834,006	3,168,810

#### **4. Results of Operations**

During the quarter the Company focused its efforts on securing new exploration projects as well as the necessary financing. As a result, Project Investigation Fees increased to \$32,303 as compared to \$0 in the prior comparable quarter. Current Project Investigation Fees are incurred by the Company to assess potential projects, but which the company has not determined to be viable.

Office expenditures decreased significantly to \$2,914 from \$44,718 in the prior period. Significant Office expenditures were incurred in the prior period due to the establishment of the Company's new corporate office. Investor relations expenditures also decreased significantly to \$3,833 from \$43,094 in the prior period. Prior period expenditures related in part to the company's reactivation on the TSX Venture exchange.

The foreign exchange loss for the respective periods relates to a U.S. denominated letter of credit issued during the prior period.

#### **5. Summary of Quarterly Results**

The interim financial statements have been prepared in accordance with generally accepted accounting principles, and are expressed in Canadian dollars. During the quarter ended July 31, 2003 the Company completed a short form offering raising gross proceeds of \$1,275,000. It was also during this quarter that the Company commenced the first stage of the planned exploration program on the World Beater gold project.

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<b>Balance Sheet:</b>	Oct 31 2004	Jul31 2004	Apr 30 2004	Jan 31 2004	Oct 31 2003	Jul 31 2003	Apr 30 2003	Jan 31 2003
Current assets	13,643	63,361	72,432	104,512	334,497	790,780	28,516	15,970
Other assets	1,117,263	1,085,995	1,046,656	1,039,906	946,018	517,724	240,611	179,352
<b>Total assets</b>	<b>1,130,906</b>	<b>1,149,356</b>	<b>1,119,088</b>	<b>1,144,418</b>	<b>1,280,515</b>	<b>1,308,504</b>	<b>269,127</b>	<b>195,322</b>
Current liabilities	118,883	58,653	43,818	71,189	169,025	18,083	179,106	20,122
Shareholders' equity	1,012,023	1,090,704	1,075,270	1,073,229	1,111,490	1,290,421	90,021	175,200
<b>Total equity and liabilities</b>	<b>1,130,906</b>	<b>1,149,356</b>	<b>1,119,088</b>	<b>1,144,418</b>	<b>1,280,515</b>	<b>1,308,504</b>	<b>269,127</b>	<b>195,322</b>
<b>Expenses:</b>	Oct 31 2004	Jul 31 2004	Apr 30 2004	Jan 31 2004	Oct 31 2003	Jul 31 2003	Apr 30 2003	Jan 31 2003
Accounting and audit	1,125	3,939	6,498	14,101	7,276	1,929	4,100	6,250
Amortization	1,632	1,793	1,694	2,744	1,192	-	-	-
Wages, benefits & consulting	20,848	21,172	26,057	126,579	29,000	(10,400)	28,500	57,596
Investor relations	3,833	8,000	23,178	27,511	43,094	-	-	-
Legal	6,423	499	4,498	(13,087)	15,203	(13,871)	14,808	6,753
Office	2,914	11,411	9,412	32,799	44,718	17,472	34,266	13,317
Project investigation fees	32,303	40,982	17,155	-	-	-	-	1,390
Rent (recovery)	5,463	5,463	5,463	8,968	2,531	-	3,505	-
Transfer agent and filing fees	4,139	7,459	6,454	30,768	8,285	-	-	-
Foreign exchange loss	8,811	-	-	(910)	25,234	-	-	-
Interest (income)	-	-	-	(706)	(2,552)	-	-	(553)
<b>Loss for the period</b>	<b>87,491</b>	<b>100,718</b>	<b>100,409</b>	<b>228,767</b>	<b>173,981</b>	<b>(4,870)</b>	<b>85,179</b>	<b>84,753</b>
Basic diluted loss per Share	.01	.01	.01	.02	.02	.00	.02	0.1
Weighted average number of common shares (thousands)	12,867	11,841	11,722	9,458	8,699	7,979	7,435	5,834

## 6. Liquidity

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company has issued common shares pursuant to private placement financings and the exercise of warrants and options. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of the continued access to significant equity financing.

At Oct 31, 2004, the Company had negative working capital of approximately \$105,240. On October 29, 2004 the Company announced a non-brokered private placement to raise up to \$1,000,000 by way of the

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issuance of 5,000,000 Units at a price of \$0.20 per unit. The proceeds of the issuance will be used for the Dover and Gautreau oil and gas prospect, described in "2. Overall Performance" as well as for working capital purposes.

As the Company chooses to proceed on its existing exploration projects and its pursuit of other potential projects, it will need to raise additional funds to support both corporate and specific project expenditures.

The Company has no long-term debt, capital lease obligations, operating leases or any other long-term obligations. The Company has no "Purchase Obligations" defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the proximate timing of the transaction.

## **7. Capital Resources**

The Company had no commitments for capital expenditures as of Oct 31, 2004.

## **8. Transactions with Related Parties**

Koele Capital Corp, of which the President and CEO is a shareholder was paid \$15,000 in consulting fees for the quarter. The Company has an ongoing contractual arrangement with Koele Capital Corp to continue monthly consulting fees at \$5,000/mth.

## **9. Proposed Transactions**

The Company has no proposed asset or business acquisitions or dispositions, other than those in the ordinary course of business before the board of directors for consideration or disclosed herein.

## **10. Changes in Accounting Policies including Initial Adoption**

The Company has adopted the standard in CICA Section 3870, Stock-based Compensation and Other Stock-based Payments, for accounting for stock options, as disclosed in Note 6 (c) of its annual audited financial statements.

## **11. Other MD&A Requirements**

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

## **Additional Disclosure for Venture Issuers Without Significant Revenue**

### **(a) Capitalized or expensed exploration and development costs;**

- The required disclosure is presented in the Consolidated Balance Sheets – DEFERRED EXPLORATION COSTS (Note 4)

### **(b) Expensed research and development costs**

- The required disclosure is presented in the Consolidated Statements of Loss and Deficit –

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Project Investigation Fees

**(c) Deferred development costs;**

➤ Not applicable

**(d) General and administration expenses**

➤ The required disclosure is presented in the Consolidated Statements of Loss and Deficit

**(e) Any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d);**

➤ Not applicable

**Disclosure of Outstanding Share Data**

**(a) Securities issued during the period:**

➤ None

**(b) Summary of options granted, cancelled and expired during the period:**

Options	Number	Exercise Price	Expiry Date
Cancelled	25,000	\$0.45	September 27, 2004
Issued	150,000	\$0.30	September 27, 2009

**(c) Summary of securities as at the end of the period**

Authorized capital:

Class	Par Value	Number
Common	No par value	Unlimited

Issued and outstanding capital:

Number	Amount
13,646,498	\$10,140,155

Summary of options, warrants and convertible securities outstanding:

Security	Number	Exercise Price	Expiry Date
Options	150,000	\$0.30	September 27, 2009
Options	950,000	\$0.30	April 20, 2009
Options	725,000	\$0.45	April 20, 2009
Options	25,000	\$0.15	June 3, 2007
Options	300,000	\$0.55	August 6, 2008

Number of shares in escrow or pool at end of year:

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None

## **12. Forward Looking Statements**

This discussion includes certain statements that may be deemed "forward-looking statement". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

*"Cameron White"* \_\_\_\_\_

Cameron White, President & Chief Executive Officer

*"Steven Cheikes"* \_\_\_\_\_

Director

***The Company's auditor's have not reviewed the MD&A or the unaudited quarterly financial statements to which the MD&A relates.***