

VEDRON GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2006

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with Vedron Gold Inc. (the "Company" or "Vedron") financial statements and notes thereto for the years ended December 31, 2006 and 2005, which were prepared in accordance with generally accepted accounting principles (GAAP) in Canada. Additional information, including an Annual Information Form can be found on SEDAR, www.sedar.com. All dollar amounts are in Canadian dollars.

Overview

The principal business of Vedron is to both explore and develop gold properties in Timmins, Ontario Canada and to acquire additional gold properties in the Timmins area. Vedron Gold Inc. was formed on March 10, 1972 by articles of amalgamation under the Ontario Business Corporations Act. Vedron is currently focused on exploring its properties; the Davidson Tisdale, where Vedron is earning up to a 75% interest and the Fuller and Buffalo Ankerite properties which are 100% controlled by the Company.

Vedron's principal property is the Fuller Property, the initial portion purchased in 1980 and the balance in 1985. The property is 100% owned by the Company and contains the Fuller deposit, which contains gold zones that have been developed by a decline ramp to a depth of 650 feet with levels at 150, 225, 375, 500 and 650 feet. A National Policy 43-101 property report was filed on www.sedar.com on February 18, 2004, and an updated 43-101 report was filed May 5, 2006. Vedron is conducting mine planning and permitting work on the property for the purpose of preparing the property for future mining operations

The Fuller Property is Vedron's material mineral property. Consequently, unless Vedron acquires additional properties or projects, any adverse development affecting the Fuller property could have a material adverse effect on Vedron and would materially and adversely affect Vedron's potential resource production, profitability, financial performance and results of operations. Vedron's other significant development properties are the Davidson Tisdale Property and the Buffalo Ankerite Property.

The Company is now looking beyond the exploration and development stage, and is starting to make preparations for future production. To this effect, the Company (a) entered into an agreement with another company which is in possession of a gold milling site in the Timmins area and (b) on February 2, 2006 acquired a milling equipment package. The milling equipment needs a new secondary crusher and the Merrill Crowe gold separation system also needs to be expanded or replaced by a CIP unit. Vedron may consider possible joint-venture arrangements for a milling partner once the Company enters production.

The company has also engaged mining industry consultants to assist in applying for the permits required for gold mining operations.

Overall Performance

For the year ended December 31, 2006 the company increased its cash position, including marketable securities, from \$509,523 at December 31, 2005 to \$1,506,965 due to a financing closed during the second quarter. The company has sufficient cash resources on hand to maintain exploration work on its Ontario

gold properties for the remainder of the year. Subsequent to year end the Company completed a \$5,500,000 private placement offering of 13,750,000 units (the "Offering") consisting of 8,700,000 flow-through units ("Flow-Through Units") and 5,050,000 hard dollar units ("Hard Dollar Units"). Each Flow-Through Unit was issued at a price of \$0.40 and is comprised of one flow-through common share and one-half of one common share purchase warrant (each whole common share purchase warrant a "Warrant"). Each Hard Dollar Unit was issued at a price of \$0.40 and is comprised of one common share and one common share purchase Warrant. Each Warrant entitles the holder to purchase one additional common share in the capital of Vedron, which will not be a flow-through share, at a price of \$0.60 until August 13, 2008.

The Company decided not to continue exploration on the Maude Ramp property and dropped its option on the property during the first quarter of 2006.

The Company will continue to focus on its three central Timmins properties during 2006, with exploration work, permitting and mine planning activities. The main activities carried out were increasing the quantum of gold resources on the Davidson Tisdale property optioned from Laurion Gold and the Buffalo Ankerite Property. The Company increased its interest in the Davidson Tisdale property to 60% by the end of 2006 with a combination of cash payments and exploration expenditures.

Selected Financial Information

The following table provides selected financial information that should be read in conjunction with the financial statements of the Company.

	<i>Year ended</i> <i>2006</i>	<i>Year ended</i> <i>2005</i>	<i>Year ended</i> <i>2004</i>
Income	\$ 52,647	\$ 435	\$ 10,906
Loss for the period	\$ (1,262,328)	\$ (2,320,484)	\$ (691,795)
Loss per share	\$ (0.02)	\$ (0.05)	\$ (0.02)
Total assets	\$ 20,710,491	\$ 17,186,787	\$ 14,995,121
Mineral resource properties	\$ 17,833,602	\$ 16,196,017	\$ 13,603,640
Total liabilities	\$ 296,152	\$ 250,379	\$ 68,806

Results of Operations

The Company's operations involve exploration of its gold properties in Ontario, Canada. The Company has no income from mining operations. For the year ended December 31, 2006, the Company had a net loss of \$1,262,328 (\$2,320,484 – December 31, 2005). The decreased loss of \$1,058,156 over the comparable year end of December 31, 2005 was mainly due to a one time write down of \$1,185,052 of a mining property in 2005.

Revenue

The Company did not earn revenue during the year ended December 31, 2006, other than interest from investments.

Expenses

	Year ended December 31, 2006	Year ended December 31, 2005	% Change
Write-down of mineral resource property	\$ -	\$ 1,185,052	-
General and administrative	\$ 1,056,603	\$ 918,605	15.0%
Stock based compensation	\$ 216,665	\$ 175,600	23.3%
Loss (gain) on sale of marketable securities	\$ (26,723)	\$ 36,893	172.4%
Amortization	\$ 68,430	\$ 4,769	1435.0%

The mineral resource property write-down was nil in the year ended December 31, 2006 compared to a write down of the Maude Ramp property of \$1,185,052 in the year ended December 31, 2005.

General and administrative increased by \$137,998 (15.0%), was due to the increased corporate activity related to property acquisitions, corporate funding, permitting and mine planning activities, investor communications activities and increased compliance activity. A \$60,000 portion of the \$137,998 was due to increased management fees as a result of a bonus paid to the President and the hiring of a CFO in the first quarter. A further \$25,000 portion of the \$137,998 was due to an increase in consulting expenses as there was a Corporate Development Manager hired in the second quarter and increased audit and legal fees of \$20,000, due to the need for increased corporate compliance, made up another significant amount of the \$137,998. Other expenses of permitting and mine planning activities and investor communications activities made up the difference in most of the increase in expenses of \$137,998.

Amortization increased 1,435% due to the commencement of the amortizing of the mill equipment. Stock based compensation increased by 23.3% due to the granting of more options during the period.

Exploration Expenditures

Drilling and other exploration expenditures are capitalized. Exploration expenditures, excluding acquisition costs, in the year ended December 31, 2006 amounted to \$1,447,563 compared to \$639,260 in the year ended December 31, 2005. Exploration and development expenditures in the year ended December 31, 2006 included \$275,938 on the Davidson Tisdale Property, \$207,772 on the Fuller Property and \$960,186 on the Buffalo Ankerite Property. Limited exploration work was performed on the Windsor Property.

The Company is focused on exploring and developing its three advanced gold properties located in central Timmins, Ontario; the Davidson Tisdale Property, the Fuller Property and the Buffalo Ankerite Property.

Exploration and Development Expenditures for the Year (excluding mineral property acquisitions)

	Davidson Tisdale	Fuller	Buffalo Ankerite	Windsor	Total
Geological	\$50,225	\$58,422	\$192,286		\$300,933
Engineering		\$59,438			\$59,438
Geophysics					
Drilling	\$123,197		\$671,991		\$795,188
Consulting	\$24,194	\$31,536	\$2,218		\$57,948
Permitting	\$22,160	\$32,047	\$10,183	\$3,667	\$68,057
Other	\$56,162	\$26,329	\$83,508		\$165,999
Property Total	<u>\$275,938</u>	<u>\$207,772</u>	<u>\$960,186</u>	<u>\$3,667</u>	<u>\$1,447,563</u>

Summary of Quarterly Results

Selected financial information for the 8 fiscal quarters of 2006 and 2005.

Quarterly Financial Information (unaudited)

	2006 Q4	2006 Q3	2006 Q2	2006 Q1
(a) Revenue	\$ 37,322	\$ 15,224	\$ 51	\$ 50
(b) Net Income (loss)	\$ (99,341)	\$ (493,457)	\$ (313,871)	\$ (355,659)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.003)	\$ (0.006)	\$ (0.005)	\$ (0.006)

	2005 Q4	2005 Q3	2005 Q2	2005 Q1
(a) Revenue	\$ 75	\$ 75	\$ 72	\$ 213
(b) Net Income (loss)	\$ (1,775,097)	\$ (264,188)	\$ (167,719)	\$ (113,480)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.038)	\$ (0.005)	\$ (0.004)	\$ (0.003)

Liquidity and Capital Resources

For the year ended December 31, 2006 the company increased its cash position, including marketable securities, from \$509,523 at December 31, 2005 to \$1,506,965 at December 31, 2006. The company has sufficient cash resources on hand to maintain exploration work on its Ontario gold properties for the remainder of the year ended December 31, 2007.

Outstanding Share Data

The authorized capital of the Company is comprised of an unlimited number of common shares. At December 31, 2006 the Company had 70,222,264 common shares outstanding. The Company had 7,711,150 purchase warrants outstanding at December 31, 2006, of which 2,500,000 were exercisable at \$0.35 until September 6, 2007, 2,153,750 are exercisable at \$0.20 until February 12, 2007, 2,456,167 are exercisable at \$0.66 until June 29, 2007, 596,333 are exercisable at \$0.60 until May 12, 2007 and 4,900 are exercisable at \$0.60 until May 26, 2007. The Company has 2,920,000 options outstanding as of December 31, 2006 exercisable at prices ranging from \$0.20 to \$0.55 per share.

Commitments

Vedron enters into option agreements with others whereby the Company may earn an interest in certain mineral properties by making option payments in cash and property work obligations to maintain the option on properties. Vedron's current commitments are as follows:

- 1) The Davidson Tisdale agreement has commitments of up to \$1,970,000, including \$1,165,000 in cash and property expenditures in 2007 and commitments of up to \$805,000, including \$30,000 in cash payments and the remainder in property expenditures in 2008.

- 2) The Windsor Property agreement has commitments of \$10,000 and 50,000 shares on October 4th, 2007 and a final \$10,000 and 50,000 shares on October 4th, 2008. Vedron is also to maintain the claims in good standing for the duration of the agreement.

Transactions with Related Parties

Management fees paid to officers and directors totaled \$200,000 for the year.

The Company paid legal fees of \$70,016 for the year to a firm in which an officer of the Company is also a partner of the law firm.

The Company entered into a sub-lease agreement to rent office space at \$1,500 per month to companies with officers who are also officers of the Company.

The Company has paid/accrued directors fees to directors of the Company totaling \$32,000 for the year.

All related party transactions entered into by the Company are recorded at fair market value as determined by the Company's directors with no beneficial interest in respect of a particular transaction.

Subsequent events

Subsequent to December 31, 2006 the Company assigned the lease agreement to a third party. The Company then signed a management services contract with the third party for one year for \$5,000 a month.

As of January 19, 2007, the Company announced the issuance of 1,600,000 options having a term of 5 years, exercisable at \$0.60 per share to officers, directors, employees and consultants at the Company.

As of February 7, 2007, the Company extinguished the convertible promissory note payable of \$200,000, through a cash payment.

As of February 14, 2007 the Company completed a \$5,500,000 private placement offering of 13,750,000 units (the "Offering") consisting of 8,700,000 flow-through units ("Flow-Through Units") and 5,050,000 hard dollar units ("Hard Dollar Units"). Each Flow-Through Unit was issued at a price of \$0.40 and is comprised of one flow-through common share and one-half of one common share purchase warrant (each whole common share purchase warrant a "Warrant"). Each Hard Dollar Unit was issued at a price of \$0.40 and is comprised of one common share and one common share purchase Warrant. Each Warrant entitles the holder to purchase one additional common share in the capital of Vedron, which will not be a flow-through share, at a price of \$0.60 until August 13, 2008 (the "Warrant Term"). If after June 14, 2008, the common shares of Vedron close at \$0.90 or more for 20 consecutive trading days, then the Warrant Term shall be automatically reduced to 30 days from the date that Vedron provides the holders of Warrants with written notice of the new expiry date.

As of March 7, 2007 Vedron signed an agreement with The Summit Organization, Inc. ("Summit"), successor to Belshore Holdings Inc. and McKay Lake Gold Mines Limited. The Company paid Summit US\$200,000 and in exchange, Summit's Net Profits Interest on the claims was reduced from 20% to 10%, except for the south pit area of the Buffalo Ankerite South Mine, where it remains 20% on ore mined by open pit mining methods.

Subsequent to December 31, 2006 the Company exercised its option to purchase a 100% interest in the Buffalo Ankerite property for \$25,000.

Off-Balance Sheet Arrangements

As at December 31, 2006, the Company does not have off-balance sheet arrangements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates.

Nature of Operations

Vedron is an exploration and development company engaged in the mining business. Some of its mineral properties are currently being explored and developed, and the Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, as established in accordance with National Instrument No. 43-101, the ability of Vedron to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

The Company tries to maximize its exposure to promising exploration and development opportunities, to manage the risks inherent in exploration and to make appropriate use of financial management resources.

Additional Funding Requirements

As discussed, the mineral properties of Vedron are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The Company intends to raise such additional funds to complete its projects. There is no assurance that Vedron will be able to raise additional funds on reasonable terms. The development of any ore deposits found on the exploration properties of Vedron depends on the ability of the Company to obtain financing through debt financing, equity financing or other means. If the exploration and development programs of Vedron are successful, additional funds will be required to develop the properties and, if successful, to place them in commercial production. The only source of future funds presently available to Vedron is the sale of equity capital of Vedron, or the sale by Vedron of an interest in any of its properties in whole or in part. The ability of Vedron to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that Vedron will be successful in its efforts to arrange additional financing if needed on terms satisfactory to Vedron. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of Vedron may change and shareholders may suffer additional dilution. If adequate financing is not available, Vedron may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause Vedron to forfeit its interests in some or all of its properties and reduce or terminate its operations.

Mineral Properties and Deferred Exploration Costs

The Company defers the costs of exploration and capital assets in existing projects and carries them as assets until production begins. Mineral properties and deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration ceased because continuation is not economically feasible, the mineral properties and related exploration expenditures are written off.

Senior management periodically reviews the carrying value of the mineral properties and deferred exploration expenditures to consider whether there are any conditions that may indicate impairment.

Where estimates of future cash flows are available, a reduction in carrying value is recorded to the extent the net book value of the investment exceeds the estimated future cash flows. Where estimates of the

future cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered and provides for impairment, if so indicated.

Stock-based compensation

Effective January 1, 2004, Vedron adopted the amendment to CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payment". The amendment, issued November 2003, requires the expensing of all stock-based compensation awards for fiscal years beginning on or after January 1, 2004 using the prospective transitional alternative as permitted by the standard, and has therefore used the fair value method for stock-based compensation awards. Any consideration paid by employees on exercise of the stock options or purchase of stock is credited to share capital.

Risks and Uncertainties

The Company's business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company's exploration and development activities is dependant on financial markets that often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently mineable deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which can not be controlled by management.

Management's evaluation of disclosure controls and procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported, on a timely basis, to senior management, including the President and the Chief Financial Officer (CFO), so that appropriate decisions can be made by them regarding public disclosure.

The system of disclosure controls and procedures includes, but is not limited to, our Disclosure Policy, our Code of Business Ethics, the effective functioning of our Disclosure and Audit Committees, procedures in place to systematically identify matters warranting consideration of disclosure by the Disclosure Committee and verification processes for individual financial and non-financial metrics and information contained in annual and interim filings, including the financial statements, MD&As, Annual Information Forms and other documents and external communications.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted, under the supervision of Management, including the President and CFO, as of September 30, 2006. The evaluation included documentation review, enquiries and other procedures considered by Management to be appropriate in the circumstances.

Based on that evaluation, the President and the CFO have concluded that the design and operation of the system of disclosure controls and procedures was effective as of December 31, 2006.

The President and CFO are also required, under Multilateral Instrument 52-109, to file certifications of our annual filings. Copies of these certifications may be found on SEDAR at www.sedar.com.

Forward Looking Statements

This report may contain forward-looking statements that involve a number of risks and uncertainties including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. 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 from estimates, capital and operating costs varying significantly from estimates, delays in or failure to obtain governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.

Signed

"Alex Falconer" CFO

April 30, 2007