

WOODRUFF CAPITAL MANAGEMENT INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2005

The following discussion of the results of operations of the Company, dated March 31, 2006, for the fiscal year ending December 31, 2005, and in comparison to the prior year, should be read in conjunction with the Company's Consolidated Financial Statements and accompanying notes for the years ended December 31, 2005 and 2004.

Description of Business

Woodruff Capital Management ("Woodruff", "the Company") is a Tier-2 Mining Issuer engaged in the exploration of base metals in properties located in Quebec, Ontario and Newfoundland. The Company was incorporated on December 13, 2002, and is a reporting issuer in British Columbia, Alberta and Ontario. The Company's fiscal year end is December 31 and trades on the TSX Venture Exchange under the symbol WOO.

Significant Accounting Policies

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's Annual Audited Financial Statements for the years ended December 31, 2005 and 2004.

Significant Events

On March 2, 2005, the Company announced that it had signed a letter of intent to purchase 70% of the Estrades Mine in Northern Quebec from Atlas Precious Metals Inc. The Estrades Mine is not included in the Agreement with Inmet Mining Corporation ("Inmet"). On June 14, 2005 the Company announced that it closed the transaction. As consideration for the sale of the Estrades Mine property, Woodruff paid to Atlas Precious Metals two payments of \$250,000 US and 1,000,000 Woodruff Common Shares. Further staged payments of \$2,900,000 in cash or shares (at Woodruff's option) are due over a five year period. On June 30, 2005 the Company announced it had signed an agreement to purchase the remaining 30% of the Estrades Mine from Orvilliers Resources Inc. As consideration for the sale of the 30% share of the Estrades Mine, Woodruff paid to Orvilliers 500,000 common shares from its treasury.

On March 2, 2005 the Company also announced that it had spent more than \$1,800,000 in exploration on the Properties subject to the earn-in agreement with Inmet Mining Corporation, thereby completing "Phase One" expenditures as defined in the Agreement. Consequently, Woodruff now has until August 31, 2009 to incur at least \$3.0 million in "Phase Two Expenditures" to complete its earn-in of a 50% interest in any property optioned from Inmet.

On May 6, 2005, the Company completed a non-brokered private placement of 933,332 Units at \$0.75 per Unit to raise \$699,999. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one additional common share at a price of \$1.10 per share for a period of two years following the closing date of the private placement. The common shares and common shares issued on exercise had a hold period of four months from the closing date.

On June 24, 2005 Mr. Stephen Lidsky and Mr. Vincent O'Meara were appointed to the Company's Board of Directors. Mr. Lidsky is a Mortgage Consultant with the Ontario Wealth Management Corporation. Mr. O'Meara is the President and co-founder of INSTADEBIT International Inc., a private online payment processing firm. On August 26, 2005 the Company announced that Mr. David Comba was appointed to the Company's Board of Directors and would also head the Company's Technical Advisory Committee. Mr. Comba has over 40 years experience as an exploration advocate and as a senior mining executive and field geologist in the precious and base metal exploration industry. Mr. Comba spent almost 30 years working with Falconbridge Group companies such as Corporation Falconbridge Copper, Falconbridge Gold Corporation, and Texasgulf Inc./ Kidd Creek Mines Ltd. He was also the President and CEO of Pentland Firth Ventures Ltd., a junior mineral exploration company. Mr. Comba has recently served as the Director of Issues Management for the Prospectors Developers Association of Canada (PDAC). He was Chief Exploration Geologist in Sudbury, Ontario for the discovery of Falconbridge's Thayer Lindsley Mine. In total Mr. Comba has served on or led teams responsible for eleven discoveries of which five became producing mines and a sixth re-entered production. As an exploration advocate he organized and led the lobby effort across Canada to change Canadian tax policy to enable enhanced or "super" flow-through shares.

On July 21, 2006, the TSX Venture Exchange approved the Company's purchase of the Scott Lake base metal massive sulphide property from Thundermin Resources Inc., in consideration of staged payments totalling \$285,000 and the issuance of 300,000 treasury shares to Thundermin over a two year period. Upon reaching commercial production on any mineral deposit discovered on the property, the Company will make a final payment to Thundermin ranging from \$1,000,000 to \$4,000,000, depending on the size of deposit discovered, and issue to Thundermin an additional 1,000,000 treasury common shares of Woodruff.

On September 28, 2005 the Company closed its private placement of 4,166,665 flow through common shares at \$0.60 per share to raise \$2,499,999, and 1,666,665 Units at \$0.60 per Unit to raise \$999,999. Each Unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitled the holder to purchase one additional common share at a price of \$0.90 per share for a period of two years following the closing date of the private placement. The Company protected offers received from registered investment dealers. As partial consideration for their services, Dundee Securities Corporation, Haywood Securities Inc. and BMO Nesbitt Burns were issued warrants to purchase an aggregate of 264,583 common shares at a price of \$0.90 per share, exercisable for a period of one year.

On October 24, 2005 the Company announced that it had established a division for its resource exploration interests that will operate under the name of Cogitore Resources (Ressources Cogitore in Quebec).

On November 16, 2005, the Company announced that it had given notice to Loubel Exploration (“Loubel”) that the Woodruff Capital Management – Inmet Mining joint venture has now earned an undivided 60% interest in the Lemoine property near Chibougamau, Quebec in accordance with an option agreement dated June 12, 2001 between Inmet and Loubel. A subsequent agreement dated April 23, 2004 granted Woodruff the right to earn 50% of the Inmet interest in the Lemoine project. The Company expects to complete its earn in with Inmet in Lemoine in 2006.

On November 17 and December 7, 2005 the Company provided updates on the Lemoine project. The Company completed a drill program consisting of 9 holes totalling 6,531 metres. The holes were widely spaced over a 14 km strike length of interpreted Lemoine mine stratigraphy. The highlight of the program was the discovery of a new mineralized zone in drill hole LEM-47 which intersected a 95 metre zone of disseminated and stringer sulphides with partial assays returning 1.77% zinc and 0.18% copper over 9.0 metres, including 3.20% zinc and 0.31% copper over 3.0 metres at a mean vertical depth of 300 metres. Another interval located 10 metres below the upper zone returned 2.31% copper over 1.1 metres. The new information available from the drill program along with new treatment of existing lithochemical data has led to significant reinterpretation, including the identification of new stacked mineralized intervals and synvolcanic caldera/graben types of structures that are known to be favourable geological features for massive sulphide emplacement. For more details on the results of the drill program, please see the 2005 Exploration Program section below.

On December 30, 2005 the Company announced that it had completed its previously announced private placement of 2,049,775 Flow Through Units at \$0.65 per Unit to raise \$1,332,354. Each Unit consisted of one Flow Through Common Share and one half of one Common Share Purchase Warrant. Each whole Common Share Purchase Warrant entitled the holder to purchase one additional Common Share at a price of \$0.85 over the first year following the closing of the private placement, and \$1.15 over the second year following the closing of the private placement. The Company protected offers received from registered investment dealers. As partial consideration for their services, Dundee Securities Corporation, Limited Market Dealer Inc. and BMO Nesbitt Burns were issued warrants to purchase an aggregate of 102,487 common shares at a price of \$0.85 over the first year following the closing of the private placement, and \$1.15 over the second year following the closing of the private placement.

2005 Exploration Program

The Company's project portfolio includes 10 volcanogenic massive sulphides projects located in easily accessible areas of Quebec, Ontario and Newfoundland. Among these projects, two (2) are past-producers (Lemoine and Estrades) and one encloses a small massive sulphide deposit (Scott). The Company is fortunate to have such quality projects in its portfolio and the management is committed to the accelerated development of the Lemoine, Estrades and Scott projects.

2005 was the first complete year of exploration activities for the Company. A total of 17,059 metres were drilled in 7 projects, including 2 projects in Newfoundland that are operated by our partners. Summaries of individual projects are presented below.

Lemoine

The Lemoine project, located 25 km south of Chibougamau, Quebec encloses the former producing Lemoine Mine which produced 0.76Mt of high grade massive sulphide ore. In terms of grade, Lemoine ranks number 2 in Canada (second only to Eskay Creek) and is within the top 1% of all VMS worldwide. The property encompasses a 17 km segment of the favourable horizon hosting the deposit.

Since 2001, exploration work by Inmet and Woodruff (since 2004) have been focused at depth (i.e. below 250m vertical), mostly within certain corridors subjected to increased hydrothermal alteration. Holes have in general been spaced 600m to 1,200m apart and at least 400m deep. In total, 29,882 metres have been drilled in 37 holes (including one deepening), including 6,583 metres in 9 holes during 2005. Although no economic intersections have been obtained, several intersections were highly anomalous in base metals, sometimes over very significant widths, either along the Lemoine mine horizon itself, or in disseminated and stringer zones in the stratigraphic footwall of Lemoine. More specifically, holes LEM-47 and LEM-49 have yielded encouraging results in 2005 in areas previously unknown, as follows:

LEM-47

from	to	Length (m)	% Cu	%Zn
272.0	297.3	25.3	0.25	0.81
Incl. 277.0	286.0	9.0	0.18	1.77
and 296.2	297.3	1.1	2.31	0.20

Hole LEM-47 was drilled approximately three kilometres southwest of the Lemoine Mine and was targeting a new potential mineralized horizon located about 250 metres north of, and stratigraphically below the horizon that hosted the past producing Lemoine Mine. The closest holes to LEM-47 testing that new potential horizon are located respectively 1.1 km to the west and 1.8 km to the east.

LEM-49

from	to	Length (m)	ppm Cu	% Zn
372.0	384.0	12.0	733	0.74
Including 372.0	379.0	7.0	926	1.18
incl. 372.0	373.25	1.25	1490	3.19

All of the above noted mineralization in LEM-49 is hosted by volcanic rocks above the Lemoine mine horizon and reflects a hydrothermal system vigorous enough to breach through rocks overlying the Lemoine horizon in this area. The apparent strength of the hydrothermal system justifies focused exploration efforts in the LEM-49 sector.

Significantly, detailed reinterpretation of the geology around LEM-49 led to the identification of numerous synvolcanic faults, which together define the border of a caldera structure. In addition, this sector is also characterized by disseminated sulphide mineralization that extends well into overlying Gilman basalts. The spatial coincidence between the faults and mineralization found both in LEM-49 and in nearby Gilman basalts indicates that such synvolcanic faults did control the flow of mineralized fluids in this sector, hence our plan for a continuing exploration effort in the LEM-49 area.

Proposed diamond drilling will be focused specifically around the LEM-47 and LEM-49 areas and the final location for the holes will be determined after borehole geophysics followed by compilation and updating of drill sections.

The Company also announced (November 16, 2005) that, jointly with Inmet, it has earned an undivided 60% interest in the Lemoine property from Loubel Exploration ("Loubel"). In accordance with the Loubel agreement, a First Program and Budget was submitted on December 1, 2005 and Loubel has since confirmed its participation in this First Program. The company expects to complete the earning of 50% of Inmet's interest during the course of the 2006 program.

Estrades

The Estrades project is located in Northwestern Quebec approximately 95 km NE of the town of La Sarre town and 35 km WNW from the former Joutel village. The property includes three (3) distinct blocks: the Estrades Block, the Newiska Block, and the Estrades Mining Lease (ML #795). The mining lease was purchased in 2005 and is owned 100% by Woodruff whereas the remaining claims are subject to an April 23, 2004 agreement between Woodruff and Inmet Mining Corporation granting Woodruff the right to earn a 50% interest in the claims. A Technical Report compliant with NI 43-101 was prepared and filed on SEDAR in May 2005 prior to the purchase of the Estrades mining lease.

Rocks underlying the property consist of east-west striking and vertically dipping, volcanic and sedimentary rocks of the Harricana-Turgeon Belt (“HTB”), which is located in the NW part of the Abitibi Sub-province. The HTB hosts the Matagami, Joutel, Brouillan and Casa Berardi Mining districts. The property is located 45 km west from the Joutel central volcanic complex and 25 km east from the Casa Berardi Mine currently under development by Mines Aurizon. The Joutel complex host the former Joutel, Poirier and Agnico Eagle-Telbel Mines that hosted approximately 9 million tonnes of ore.

In 1985, a volcanogenic massive sulphide (VMS) deposit was discovered in the Estrades property and is now covered by ML #795. The deposit consists of a massive sulphide horizon which is hosted by felsic volcanics. The deposit is EW trending and vertically dipping. It is drill indicated over a strike length of 2.3 km with an average of <1-3 metres in thickness. The deepest hole reached a vertical depth of 930 vertical metres but in general drilling was restricted to depths shallower than 500m. The deposit is made up of three successive Zn-Cu-Pb-Au-Ag bearing sulphide zones, respectively (from West to East): the Main, the Central, and the East Zones. The zones are in fact faulted-off portions of a formerly single massive sulphide sheet.

In 1990, the Main Zone was developed by Breakwater to a vertical depth of 200 m and over a strike length of 150 m. From July 1990 to May 1991, a total of 174,946 tonnes of ore were produced at a grade of 1.1 % Cu, 13 % Zn, 6.35 g/t Au and 172 g/t Ag. Remaining resources to a depth of 600m total 456,400 tonnes grading 0.8%Cu, 11.5%Zn, 5.8 g/t Au and 206 g/t Ag.

The Estrades Mining Lease #795 and the Estrades claim block together cover about 10 km of strike length of the favorable Main Felsic Unit that hosts the Estrades deposit. In the Estrades Mining Lease and adjacent claims, the main target is the Estrades mine horizon itself. Actual drill targets still remain to be finalized but consist mostly of depth extensions of existing sulphide intersections that may represent fringe zones to yet undiscovered massive sulphides. Four main sectors have been identified so far but priority is now being given to sectors in proximity to the so-called “Main Fault” which may have acted as a conduit for mineralized fluids. Hole H-116 is located within 200 metres of this fault and encloses one of the best copper intersections in the Estrades block (**1.63%Cu/8.9m**). A recent borehole EM survey identified one conductor to the west and below H-116, suggesting a sulphide accumulation in that sector.

In 2005, a total of 3,203 metres were drilled in six holes. In the Estrades block, 3 holes were drilled to test a conductor and the extension at depth of the mine horizon. The conductor was explained by barren sulphides but one of the 2 holes targeting the mine horizon intersected encouraging copper mineralization, with hole EME-02 cutting 0.64% Cu over 9.0 metres at a depth of about 670 metres. In the Newiska Block, two holes intersected wide zones of hydrothermal alteration (sericite-chlorite) and wide metallic mineralization consisting in chalcopyrite-sphalerite stringers cutting felsic volcanic rocks. The best mineralization was obtained in hole NK-04 which yielded 0.64%Cu and 22.4 g/t Ag over 24m, including 1.1%Cu and 42 g/t Ag over 9.4 metres. Massive sulphides (pyrite) were intersected in Hole NK-05 with low base metal values but highly

anomalous gold: 0.344 g/t Au over 22.35m, including a maximum of 1.13 g/t Au over 1.55m. Follow-up drilling and borehole PEM is planned to check for copper-rich massive sulphides around NK-04 and for gold-rich massive sulphides in the extensions of NK-05.

In January, 2006 the Company announced the commencement of its 2006 exploration program on the Newiska-Estrades property. The program includes plans to drill seventeen holes totalling 8,500 metres.

In view of current high metal prices, in March 2006, the Company announced that it had selected Montreal-based Met-Chem to undertake a scoping study on the Estrades Mining Lease. The study is expected to be completed by May 2006. The purpose of the study is to obtain a preliminary estimate of the capital and operating costs that would be associated with the development and mining of part of the remaining resources at the Estrades deposit.

Scott

The Scott project is located in the Chibougamau area approximately 20 km west of the town of Chibougamau. The property includes three (3) distinct blocks: the Ouje Claims, the Thundermin block and the Scott-Diagold block. The Ouje claims are 100% owned whereas the Thundermin and Diagold blocks are subject to 100% buy-out agreements.

The Scott Lake Project has seen considerable exploration activity in the mid 70's and in the late 80's following the discovery by Selco Mining Corporation ("Selco") of a VMS deposit estimated by Thundermin to contain drill indicated resources of 700,000 tonnes grading 0.4% copper and 6.9% zinc to the 375 meter level. The Selco massive sulphide deposit covers a strike length of 160 meters, down to a vertical depth of 400 metres.

The Scott Lake property is located on the north limb of the Chibougamau Anticline and covers 7 kilometres of strike length of felsic rocks of the Waconichi Formation. On the south limb of that same Anticline, the Waconichi hosts the past producing high grade Lemoine mine which is now part of the Company's Lemoine project. Potential to discover additional sulphide lenses at Scott Lake is considered excellent with 2 other massive sulphide lenses already discovered 1.2 Km and 1.7 Km west of the Selco deposit. No resource calculations are available for those two lenses and the best intersection was 1.76% Cu, 5.28% Zn and 27 g/t Ag over 4.3 metres. The potential for additional stacked mineralized horizons is also excellent as illustrated by various sulphide bearing chert horizons and stringer zones found stratigraphically above the known massive sulphide lens. In addition, widespread alteration and stringer sulphide zones have been identified over 3 kilometres, indicating the existence of an extensive and vigorous hydrothermal system of a scale consistent with the possibility of a very large VMS deposit. Thundermin has reported numerous stringer sulphide intersections in the Scott property, with the largest one returning 0.45% Cu and 0.74% Zn over a core length of 208 metres.

In 2005, work was limited to flying a helicopter borne VTEM survey over the whole property. The focus of future exploration programs will be on the top of a porphyritic rhyolite unit within which large zones of strong chlorite-sericite alteration associated with copper-rich stringer zones have been found. These altered and copper mineralized zones are located stratigraphically above the horizon hosting the Selco deposit and therefore are consistent with the real possibility of massive sulphides stratigraphically stacked above the Selco horizon. In addition to testing this horizon, detailed mapping and possibly trenching will be done to explain strong VTEM conductors identified in our 2005 survey. Compilation of previous work showed that some shallow drilling has been done locally around one of the conductors and intersected pyrrhotite. However, the conductors extend beyond the small area tested and deserve full evaluation including potential drilling.

Hebecourt

The Hebecourt property straddles the boundary between the Quebec and Ontario provinces and is underlain by volcanic rocks that are at the base of the prolific Blake River Group of the Abitibi Subprovince. The property is also located about 4 km south of the regional Destor-Porcupine Break which controls many world class gold deposits, including the Timmins gold camp.

The core of the Hebecourt property is marked by a 200-300m thick rhyolite unit that is found across the center of the property. The rhyolite is locally weakly to strongly altered to sericite and chlorite with local carbonate. The property encloses a series of VMS-style zinc and copper showings that are found mostly in felsic rocks but also locally in mafic flows. Previous work has been focused mostly on footwall-type stringer mineralization but no systematic exploration has targeted the top of the felsics where massive sulphides are more likely to occur.

In 2005, Woodruff drilled four holes totalling 2,596 metres specifically targeting the top of the felsic unit. Encouraging mineralization was obtained in hole HEB-02 which yielded 1.2% Zn over 7.2 metres, including 3.58% Zn over 1.0 metre. The mineralization in HEB-02 consists of “classic” stringer-style mineralization with chlorite alteration such as is typically found around VMS deposits. Future work will continue testing the top of the felsics, including testing a surface TDEM conductor in the Ontario side of the property.

Castagnier

The Castagnier project is located in the Amos area of the Abitibi belt, and was staked (by Inmet) to cover an old VMS copper prospect that hosts encouraging copper zones grading up to 3.2% Cu and 0.7% Zn over 3.1m (part of 1.2% Cu over 12m). In the early 1950's, a vertical shaft was sunk to a depth of 120m to further explore the mineralization at depth but records of the work are very scarce. The rhyolite host rocks are strongly altered (sericite-chlorite) over at least 2 kilometres. Although no VMS deposits are known in the area, the chemical signature of rhyolites at Castagnier are typical of that found in highly

prospective VMS mining camps of the Abitibi belt. Deep penetrating EM done in 2002 outlined 4 conductors of interest located at shallow to moderate depths. A total of 1,571 were drilled in 6 holes. All of the conductors drilled in 2005 were explained by barren sulphides zones (mostly pyrrhotite). One conductor remains to be drilled but no agreement could be reached with the owner of the surface rights and that target cannot be drilled at the present time. One drill hole is planned in 2006 to test mineralization in the immediate shaft area.

Landrienne

The Landrienne project is located southeast of Amos, in the eastern part of the Abitibi Greenstone Belt. It is dominantly underlain by quartz-phyric rhyolites, rhyolitic lapilli to block-size tuffs, agglomerates, dacites, narrow bands of clastic sediments and argillites. Compilation of data revealed that the large (250 m x 3km) and strong hydrothermal system associated with Cu-Zn mineralization at the Landome VMS deposit is but one part of an 8 km long alteration zone that continues to the east into the whole Landrienne property. Numerous drill intersections showing elevated copper and zinc values are found at Landrienne and, significantly, the chemical signature of rhyolites at Landrienne is typical of that found in highly prospective VMS mining camps of the Abitibi belt.

Deep penetrating TDEM surveys have now been completed over most of the property and surface conductors have all been tested either by Woodruff or by former property owners. A total of 1,734 metres were drilled in 4 holes during 2005. Due to unfavourable weather and access conditions, borehole PEM could not be completed in the last two holes of the 2005 program; it is recommended that these surveys be carried out in the winter of 2006. In addition, a limited amount of field work is proposed in the vicinity of the last two holes of the 2005 campaign in order to assess the significance and strength of alteration observed in the recent (2005) drilling. Surface showings around the drilling area will be examined to better understand the volcanic facies. Pending the results of this work, a decision will be made to either continue or terminate the project.

Selbaie West

The Selbaie West project is located immediately west of the Selbaie mine and encloses the same felsic volcanic package that hosts the former producing Selbaie Mine (53 Mt @ 1% Cu, 2.0% Zn and 41 g/t Ag). The property is accessible from existing roads that serve the Selbaie mine. Staking of the ground was completed in 2002 and Inmet owns a 100% interest in the property with Woodruff having the right to earn a 50% interest in the project. The property is essentially all overburden covered but limited lithochemical data from previous diamond and RC drill holes indicate a highly promising VMS environment, including high temperature rhyolites and strong chlorite alteration. Much of the surrounding and adjacent ground was recently staked by Noranda/Falconbridge as part of their regional MegaTEM effort, which suggests the existence of deeper EM targets previously unrecognized in the area. Although still at the grassroots stage, this project represents a good opportunity for early success in a still under-explored, yet promising area of the Abitibi belt.

An airborne VTEM survey was flown by Woodruff in late 2005 to cover the whole property. Two conductors of interest were identified. However, it appears that the areas around these conductors have been subjected to drilling in the past. Drilling around the southernmost conductors has yielded anomalous gold values, including an assay of 24.3 g/t Au over 1.1 metre. The company will review all of the previous drilling to check whether the conductors have been fully tested by previous land owners and then decide whether further work is warranted on these conductors.

Loveland

The Loveland project is located about 30 km northwest of Timmins, Ontario, and 23 km west of the world class Kidd Creek mine. The property encloses the same rhyolite unit that hosts the past producing Kam-Kotia VMS mine (5.8Mt @ 1.1%Cu & 1.2% Zn) located 8 km ESE of the property. Recent data published by the Ontario Government show that two ages of rhyolites are found on the property, including one that is identical to the Kidd Creek rhyolite. In addition to having rhyolites with the prospective (high temperature) signature and the same age as Kidd Creek, the property hosts a stringer zone that has yielded encouraging stringer type drill intersections such as 0.9% Zn/12m and 0.5% Cu/13m.

It appears that past operators have focused their drilling on the stringer zone only and neglected testing the top of the unit (i.e., where the stringer (feeder) zone may have breached through the seafloor to precipitate massive sulphides). The top of the felsic unit has therefore seen very little exploration.

Surface deep penetrating TDEM and magnetometer surveys were completed by Woodruff over the whole property in late 2004 with a few strong conductors identified. No field work was carried out in 2005. A full detailed review of government files and a search for drill sites are planned to check whether these conductors have been tested. Attempts to locate old core at government core storage sites will be made in order to confirm geological interpretations. Subject to the results of the above check work, it is tentatively recommended to drill two of the conductors in 2006.

Newfoundland

In Newfoundland, the company had two active VMS projects in 2005, namely the Robert's Arm and the Noel Paul's projects. Both projects are joint ventures with third parties and are subject to the Inmet Agreement with Woodruff having the right to earn 50% of Inmet's interest in the joint ventures. At the Robert's Arm project, operated by partner Altius Minerals Corporation, borehole PEM was done in one hole drilled in 2004 and a new hole was drilled to a depth of 621 metres. The project was terminated at the end of the year. At Noel Paul's, operated by partner Cornerstone Resources Inc., four (4) holes totalling 721 metres were drilled to test conductors in a favourable environment for VMS style mineralization. No significant results were obtained and the Company terminated the project in February, 2006.

Selected Financial Information

A summary of selected financial information for the years ended December 31, 2005 and December 31, 2004 is as follows:

	<u>Year Ended December 31, 2005</u>	<u>Year Ended December 31, 2004</u>
Total Revenue	\$0	\$0
Net Income (Loss)		
- Total	\$(1,353,287)	\$(275,052)
- Per Share	\$(0.11)	\$(0.05)
Total Assets	\$8,586,091	\$2,915,918
Long-Term Financial Liabilities	\$666,666 ⁽¹⁾	\$666,666 ⁽¹⁾

For the years ended 2004 and 2005, the Company reported no discontinued operations and declared no cash dividends.

- (1) The Company has adopted the recommendations of CICA Emerging Issues Committee Abstract 146, Flow-Through Shares ("EIC-146"). Under EIC-146, a future income tax liability should be recognized, and shareholders' equity reduced, on the date that a company renounces the tax credits that are associated with resource expenditures, provided there is reasonable assurance that the expenditures will be made. As a result, the Company recognized a \$666,666 future income tax liability for the years ended December 31, 2004 and 2005.

The following table provides selected financial information that is derived from the unaudited interim financial statements and audited financial statements of the Company:

For the quarter ended	<u>March 31</u>	<u>June 30</u>	<u>Sept.30</u>	<u>Dec 31</u>
<u>2005</u>				
Total Revenues	\$0	\$0	\$0	\$0
Net Loss	(\$278,143)	(\$167,782)	(\$134,550)	(\$772,812)
Net Loss per Share	(\$0.03)	(\$0.02)	(\$0.01)	(\$0.05)
<u>2004</u>				
Total Revenues	\$0	\$0	\$0	\$0
Net Loss	(\$3,556)	(\$20,319)	(\$136,611)	(\$114,566)
Net Loss per Share	(\$0.00)	(\$0.00)	(\$0.03) ⁽¹⁾	(\$0.02)

- (1) The Company expensed all exploration costs in Q3, 2004 but subsequent to that quarter capitalized exploration costs (see Note 2(a) in the 2005 annual financial statements). For comparison purposes, this chart shows Q3 2004 net loss assuming exploration costs were capitalized.

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and administration costs of the Company for the years ended December 31, 2005 and December 31, 2004:

	<u>Year ended December 31, 2005</u>	<u>Year ended December 31, 2004</u>
Courier & Mail	\$1,316	-
Corporate Activity	\$35,980	-
Corporate Development	\$36,892	-
Payroll Charges	\$1,410	-
Flow Through Penalties	\$13,200	-
Quebec Health Service	\$891	-
Head Office Travel	\$11,161	\$6,283
Head Office Salaries	\$121,063	\$12,253
Bank Charges	\$1,592	\$525
Consulting Fees	\$7,850	\$915
Filing Fees	\$19,811	\$400
Listing Fees	\$20,650	-
Office & General	\$4,400	\$50
Printing	\$2,254	-
Rent	\$9,212	-
Moving Expenses	\$3,049	-
Shareholder Communication	\$930	\$2,416
Benefits	\$1,850	-
Telephone & Fax	\$1,838	-
Taxes	\$2,254	-
Transfer Agent Fees	<u>\$9,641</u>	<u>\$9,881</u>
Total	<u>\$307,244</u>	<u>\$32,723</u>

Results of Operations

The Company's loss in 2005 was C\$1,353,287 compared with an operating loss of C\$275,052 for the same period in 2004. The two periods are not directly comparable as during the third quarter of 2004, the Company closed its Qualifying Transaction with Inmet Mining Corporation pursuant to which Inmet granted to the Company an Option to earn 50% of Inmet's interest in each of nine exploration properties located in Quebec, Ontario and Newfoundland. Before Q3, 2004 the Company was classified as a Capital Pool Company, with no properties or businesses and with only cash as assets.

Included in the expenses for 2005 were \$503,760 for stock-based compensation and \$433,192 as a write-off of exploration costs. The Company informed Inmet that it no longer wished to participate in the Joint Venture on the Noel Paul's and Roberts Arm properties. As such the Company has written off the costs associated with these two projects in fiscal 2005.

The costs of exploration properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time the costs are depleted on a unit-of-production method based on proven and probable reserves. If a property is subsequently determined not to be economically viable, the property and related deferred costs are written down to net realizable value. In 2005 the Company spent \$1,851,694 on the Estrades Lease, \$525,399 on the Estrades-Newiska property (Inmet exploration property) and \$634,921 on Lemoine. The remainder was split amongst the other properties.

Liquidity and Capital Resources

At December 31, 2005, the Company had working capital of C\$3,816,781 compared to C\$1,263,727 as at December 31, 2004. The significant increase to working capital is the result of three private placements that took place in 2005. As described in the Significant Events section above, the Company raised \$5,532,351 through these private placements in the last fiscal year. The Company anticipates receiving approximately \$968,647 in refundable tax credits and refundable mining duties from the Quebec government as a result of its exploration expenditures in Quebec during the year ended December 31, 2005. Working capital is being used for exploration as described under the Outlook section of this report and to support corporate overhead. The Company has enough working capital to meet all its financial commitments.

Related Party Transactions

During 2004 and 2005, the Company shared its premises with other companies that have common directors, and the Company reimburses the related companies for their proportional share of the expenses.

Financial Instruments

Fair Value:

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve

uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, sundry receivables and accounts payable and accrued liabilities approximate fair market value due to the short-term nature of these instruments.

Changes In Accounting Policies

The Company adopted the following accounting policies in 2004:

Generally Accepted Accounting Principles:

Effective January 1, 2004, the Company adopted the new CICA Handbook section 1100, Generally Accepted Accounting Principles ("GAAP"). The new standard clarifies what constitutes Canadian GAAP, identifies its sources and describes the order of authority of these sources. It requires the Company to identify and apply every primary source of GAAP and to adopt policies and disclosures that are consistent with the primary sources of GAAP on a prospective basis. Application of the new accounting standard did not have an effect on the current year's financial position or results of operations.

Stock-based compensation:

The Company follows the recommendations of CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These recommendations require that compensation for all awards made to non-employees and certain awards made to employees be measured and recorded in the financial statements at fair value. This Section also sets out a fair value based method of accounting for stock options issued to employees. Effective January 1, 2004, the Company adopted the revised recommendations of Section 3870 on a prospective basis for all stock-based awards. Accordingly, no adjustment was required to the 2003 and 2004 opening deficits. For the year ended December 31, 2005, the amount of compensation cost recognized in income and credited to contributed surplus was \$503,760.

Outstanding Share Data

As at December 31, 2005, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	<u>Authorized</u>	<u>Outstanding</u>
Voting or Equity Securities Issued and Outstanding	Unlimited Common Shares	19,633,103 Common Shares
Securities convertible or exercisable into voting or equity securities-stock options	Stock Options to acquire up to 10% of outstanding Common Shares	Stock options to acquire 1,536,665 Common Shares

The Company has the following warrants outstanding as at December 31, 2005:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Expiry Date</u>
1,230,770	\$1.02	September 3, 2006
933,332	\$1.10	May 7, 2007
1,666,665	\$0.90	September 29, 2007
264,583	\$0.90	September 29, 2006
1,024,888	\$0.85-\$1.15	December 31, 2007
102,487	\$0.85-\$1.15	December 31, 2007

Subsequent Events

On March 1, 2006 the Company announced the signing of an option agreement with Cornerstone Capital Resources Inc. ("Cornerstone") for Cornerstone's Long Lake volcanogenic massive sulphide (VMS) property, 60 km southwest of Aur Resources' Duck Pond project and 11 km southwest of Falconbridge's Long Lake massive sulphide deposit currently under option to Messina Minerals.

As previously released by Cornerstone ([*Cornerstone news release dated March 2, 2005*](#)), the Long Lake property covers favourable felsic volcanics and sediments akin to those which host the Long Lake deposit. The Long Lake deposit is comprised of high-grade massive sulphides with base metal grades comparable to those returned from Messina Mineral's recent Boomerang and Domino discoveries. Messina's Boomerang discovery is located 10 km west northwest of Cornerstone's Long Lake property. Cornerstone's property hosts an isolated, 1 km long, airborne electromagnetic conductor associated with an adjacent silica-sericite-pyrite alteration zone hosted by prospective felsic volcanics. A till geochemical survey completed over the conductor in 2005 detected a broadly coincident, open ended, base metal in till anomaly.

The agreement grants Woodruff the right to earn a 51% interest in the property by spending \$1.5 million on exploration over four years. The first year's \$125,000 expenditure is a firm commitment and includes costs associated with the completion of a diamond drilling program designed to test a combined base metal in till geochemical anomaly and conductive airborne geophysical anomaly. The agreement also calls for Woodruff to make cash payments totaling \$100,000 over four years including \$10,000 paid on signing the agreement. Cornerstone will be operator during the earn in period.

The schedule of required cumulative expenditures for Woodruff to earn a 51% interest is as follows:

- \$125,000 by the first anniversary of signing the formal agreement
- \$250,000 by the second anniversary
- \$500,000 by the third anniversary
- \$1,500,000 by the fourth anniversary

On Woodruff earning a 51% interest, a Joint Venture will be formed whereby both parties will have the right to maintain their respective interests by funding their respective share of exploration costs. Either party may dilute its interest, based on exploration expenditures, or if a party's interest falls to 15% or less, its interest will convert to a 2% NSR.

The Company also announced that it had notified Inmet Mining that it no longer wished to retain Inmet's Noel Paul's and Robert's Arm projects as part of the Inmet agreement.

Outlook

The Company has developed a strategic focus on base metal exploration in prospective areas that also feature infrastructure favourable for mining development. Accordingly, it will focus its work in the Abitibi Belt of Quebec and Ontario, and in the Central Belt of Newfoundland. The Company is working on high quality VMS projects including seven properties optioned from Inmet Mining, two 100% owned properties, and one property under option. Two of Woodruff's properties encompass former high grade VMS producers, namely Lemoine and Estrades, and in both cases the focus will be on exploring the properties at depth and on strike to locate additional deposits. A scoping study has been undertaken at the Estrades Mine (as of March, 2006) to evaluate the possibility of extracting a portion of the remaining resources in light of the existing mine development to the 200 metre level, the high grade of the resources and the current favourable outlook for metal prices. In 2006, the Company anticipates to be drilling about 25,000 metres on 7 different properties, including at Lemoine and Estrades.

Risk and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Nature of mineral exploration and mining

At the present time the Company does not hold any interest in a mining property in production. The Company's viability and potential success is based on its ability to develop, exploit and generate revenue from mineral deposits. The exploration and

development of mineral deposits involve significant financial risk over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to exploration and development of mineral properties, any of which could result in damage to life and property, the environment and possible legal liability for any and all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of the operations in which the Company has interests. Hazards, such as unusual or unexpected geological structures, rock bursts, pressure, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of gold or any other minerals discovered. Commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses

and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

Competition

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties, the acquisition of mining equipment and related supplies and the attraction and retention of qualified personnel. The ability of the Company to acquire properties, purchase required equipment, and hire qualified personnel in the future will depend not only on its ability to develop its present properties, but also on its ability to identify, arrange, negotiate, select or acquire suitable properties or prospects for mineral exploration, source suitable equipment and hire qualified people. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects, sourcing equipment or hiring people.

Environmental and Climate Change Regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The impacts of the Kyoto Protocol are difficult to predict and are not yet fully understood. Such impacts may have an adverse effect on the capital and operating cost of the Company's operations or those of its future customers that may materially affect future operations.

Aboriginal Title and Rights Claims

Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been formally asserted or any legal actions relating to aboriginal issues having been instituted with respect to the properties. There can be no assurance that title and rights claims will not be asserted in the future in respect of the Company's properties. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration and development activity and is supportive of measures established to achieve such

cooperation including preferential hiring practices, local business development activities, involvement in environmental stewardship and other forms of accommodation. In addition, other parties may dispute the Company's title to the properties and the properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Estimates of mineral resources may not be realized

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geological, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

Dependence on key personnel

The Company is dependent on the services of its senior management and a small number of skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on the Company's operations.

Limited financial resources

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. The Company will need to obtain additional financing from external sources in order to fund the development of its properties. There is no assurance that the Company will be able to obtain such financing on favourable terms, or at all. Failure to obtain financing could result in delay or indefinite postponement of further exploration and development of the Company's properties.

Forward-Looking Statements

This MD&A contains certain forward-looking statements related to expected future events, future spending levels and the future financial and operating results of the Company. Forward-looking statements are subject to inherent risks and uncertainties including but not limited to, market and general economic conditions, changes arising as

drilling results unfold, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings. Mining exploration itself contains a high degree of risk and uncertainty. Consequently, actual results and events may differ materially from those included in, contemplated or implied by such forward-looking statements for a wide variety of reasons.

Disclosure Controls and Procedures

Management has ensured that there are disclosure controls and procedures in place which provide reasonable assurance that material information relating to the Company is disclosed on a timely basis, particularly information relevant to the period in which annual filings are being prepared. Management believes these disclosure controls and procedures have been effective during the fiscal year ended December 31, 2005.