

METALQUEST MINERALS INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the Six-Month Period Ended June 30, 2009

DESCRIPTION OF BUSINESS

MetalQuest Minerals Inc. (the "Company") is engaged in the business of acquiring, exploring, and if warranted, developing mineral resource properties, and placing such properties into production. The Company currently holds interests in one mineral property located in British Columbia, Canada through the acquisition of Red Tusk Resources Inc. on July 11, 2006. The Company's operations are primarily funded by equity subscriptions. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol MQ.

SELECTED FINANCIAL INFORMATION

Selected Annual Financial Information

	For the year ended December 31, 2008	For the year ended December 31, 2007	For the year ended December 31, 2006
Total revenue	Nil	Nil	Nil
Gain (Loss) before discontinued operations and extraordinary items:			
(i) total for the year	(\$161,115)	(\$614,312)	(\$450,129)
(ii) per share	(\$0.01)	(\$0.02)	(\$0.01)
(iii) per share fully diluted	(\$0.01)	(\$0.02)	(\$0.01)
Net Income or (loss):			
(i) total for the year	(\$290,739)	(\$941,526)	(\$450,129)
(ii) per share	(\$0.01)	(\$0.04)	(\$0.01)
(iii) per share fully diluted	(\$0.01)	(\$0.04)	(\$0.01)
Total assets	\$2,894,378	\$4,917,685	\$5,235,209
Total long-term financial liabilities	Nil	Nil	\$1,263,850
Cash dividends declared per-share	Nil	Nil	Nil

Selected Quarterly Financial Information

	4 th Quarter Ended December 31, 2009	3 rd Quarter Ended September 30, 2009	2 nd Quarter Ended June 30, 2009	1 st Quarter Ended March 31, 2009
(a) Revenue (Loss)	N/A	N/A	Nil	Nil
(b) Gain (loss) for period	N/A	N/A	(155,982)	(\$143,988)
(c) Gain (loss) per share	N/A	N/A	(\$0.006)	(\$0.006)
	4 th Quarter Ended December 31, 2008	3 rd Quarter Ended September 30, 2008	2 nd Quarter Ended June 30, 2008	1 st Quarter Ended March 31, 2008
(a) Revenue (Loss)	Nil	Nil	Nil	Nil
(b) Gain (loss) for period	(\$448,460)	(\$86,130)	(\$106,458)	\$350,309
(c) Gain (loss) per share	(\$0.02)	(\$0.003)	(\$0.004)	\$0.01
	4 th Quarter Ended December 31, 2007	3 rd Quarter Ended September 30, 2007	2 nd Quarter Ended June 30, 2007	1 st Quarter Ended March 31, 2007
(a) Revenue (Loss)	Nil	Nil	Nil	Nil
(b) Gain (loss) for period	(\$1,607,386)	\$899,349	(\$131,352)	(\$102,137)
(c) Gain (loss) per share	(\$0.07)	\$0.013	(\$0.002)	(\$0.001)

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SUBSIDIARIES

Red Tusk Resources Inc.

On July 11, 2006 the Company acquired 96.30% of issued and outstanding shares of Red Tusk Resources Inc. ("Red Tusk") for consideration of \$523,250. Red Tusk is engaged in the business of mineral exploration and has an option to acquire a 100% undivided legal and beneficial interest in 16 mineral claims located in the Liard Mining Division of British Columbia, Canada ("the RHG Property"). The acquisition has been accounted for using the purchase method of accounting. The consideration comprised of issuing one common share of the Company for every one common share of Red Tusk totaling 505,556 common shares (pre-consolidation 1,516,667 common shares) valued at \$0.115 per share (pre-consolidation \$0.345 per share). Included in the consideration is 111,111 common shares (pre-consolidation 333,333 common shares) issued to the optionor of the RHG Property in compliance with the option agreement.

Total consideration for the business combination was allocated based on estimated fair values on the acquisition date as follows:

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Consideration Given:		
Common shares issued - 1,516,667	\$	523,250
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Net assets acquired at fair value:		
Current assets	\$	19,382
Equipment		112
Resource mineral property		1,149,707
Accounts payable		(645,951)
Net assets acquired at fair value	\$	523,250
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Red Tusk was dissolved on June 25, 2009.

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RESOURCE PROPERTIES

RHG Project

Through Red Tusk, the Company holds options to earn 100% interest in the RHG project located in the Liard Mining Division of British Columbia. The RHG project is a 10,964 hectare located in the north central British Columbia porphyry/skarn Copper/Gold prospect located in the prolific Copper belt hosting the Galore Creek/Copper Canyon deposits.

On September 10, 2008, the Company entered into an Option Agreement (the "Option Agreement") with Georgia Ventures Corp. ("Georgia Ventures"), a Canadian private corporation to grant them the option to acquire 65% interest in the RHG property (the "Option"). To exercise the Option, Georgia Ventures paid the Company \$25,000 on signing the Agreement. Georgia Ventures will pay an additional \$350,000, issue 1,000,000 common shares, and expend a minimum of \$3,500,000 on the property based on instalments due when Georgia Ventures obtain listing on the TSX Venture Exchange, and on the first, second and third anniversaries of date of TSX Venture Exchange listing.

If Georgia Ventures exercises the Option, the Company also grants Georgia Ventures an exclusive right to acquire an additional 10% interest in to the RHG Property (the "Additional Option"). This Additional Option requires Georgia Ventures to notify the Company 90 days before exercising the Additional Option and finance all expenditures related to the preparation and delivery of the feasibility report on the RHG Project to the Company.

On September 30, 2008, the Company entered into an assignment agreement with GMV Minerals Inc. ("GMV"), a Canadian reporting issuer with shares listed on the TSX Venture Exchange. Under the terms of the assignment agreement, all costs and benefits granted to Georgia Ventures from the Option Agreement has been assigned to GMV.

For the year ended December 31, 2008, the Company recognized an impairment of \$697,946 (2007- \$nil) on the RHG property due to the Option Agreement and results of GMV's RHG drilling program announced by GMV on November 27, 2008.

Subsequent to the period ended June 30, 2009, the Company received 250,000 common shares from GMV as part of instalment payments per the Option Agreement.

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OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY

Current Economic Conditions:

During the period ended June 30, 2009, the Company entered into a Share Purchase Agreement with Canadian Ore Processor Corp. ("COP"), a private Canadian corporation, its shareholders and Grafton Resource Investment Ltd. ("Grafton"). Per the Share Purchase Agreement, the Company will issue 3,570,003 common shares to acquire 2,380,002 common shares of COP from its shareholders. Through this share purchase, the Company will own 50% equity interest of Procesador Canorepro S.A. ("COP Peru"), a Peruvian subsidiary of COP. Grafton will own the remaining 50% equity interest in COP Peru through a US\$10 million in financing in the form of a stock swap. The Company has the option to purchase Grafton's 50% equity interest in COP Peru at a price of US\$10 million for a period of three years, in common shares or cash at the election of the Company. If the consideration is made by common shares, the price per share is determined by the higher of US\$0.55 per share or the 30 day closing average.

The Company received TSX Venture Exchange approval on the Share Purchase Agreement on August 13, 2009.

COP Peru is set up for the purpose of developing gold ore toll processing in Northern Peru. The Company believes this transaction will add value to the Company's future growth and cash flow from operation. The Company is confident that the potential of this project will allow the Company to raise additional financing to fund the project and its working capital.

From the disposition of its Mexican Subsidiaries to Animas in 2007, the Company received \$726,386, 1,500,000 escrowed common shares subject to an escrow release schedule, and US\$1,500,000 paid by instalments due on the first, second and third anniversaries of the closing date. As at June 30, 2009, the Company holds 2,734,412 Animas common shares with a fair market value of \$1,640,736 and US\$750,000 in accounts receivable on the balance of instalment payments.

On April 27, 2009, the Company entered into an Amending Agreement with Animas whereby the Company agreed to extend the due dates and deemed price per share of the remaining instalment payments. The minimum and maximum deemed price per share shall not be lower than \$0.50 or higher than \$1.00, if Animas elects to pay the Company with common shares. As consideration, the Company received an additional 254,454 common shares of Animas with a fair market value of \$89,300 on payment date.

During the six months ended, the Company sold 241,500 common shares, received net proceeds of \$92,042 (2008- \$Nil) and recorded capital loss of \$73,373 (2008 - \$Nil). This disposition contributed additional cash flow to the Company's working capital. The Company's working capital at June 30, 2009 was \$1,770,349 (2008 - \$2,732,888). Subsequent to the end of the period, the Company sold 60,000 common shares of Animus for net proceeds of \$48,123. The balance of Animas common shares was 2,674,412.

Since the last two fiscal years, the Company has reduced and/or stabilized its operating cost to conserve cash flow. Management is confident that the Company will continue its normal course of business, realize its assets and discharge its liabilities. The Company's current assets are highly liquid and this provides the Company with flexibility to continue its operation and take advantage of opportunities without the need to acquire additional financing in the near future. Management will continuously monitor its assets and will take appropriate actions to ensure the Company's strategic and short term goals and objectives are met.

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OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY- Continued

For the Six-Month Period Ended June 30, 2009 Summary

For the six month period ended June 30, 2009, the Company reported operating loss before other items of \$298,231 (2008- \$196,609) generally made up of consulting fees \$82,037 (2008- \$16,423), management fees \$79,249 (\$73,578), rent and office expenses \$43,210 (2008- \$24,306), and accounting and audit fees \$35,221 (\$34,622). Higher expenses during this period compared to the same period last year was due to activities related to the acquisition of COP and corporate restructuring. Net loss for the period was \$299,970 (2008- \$243,851) after other non cash items including interest income, gain on foreign exchange and loss on disposition of Animas securities and receivables.

The Company incurred stock based compensation expenses of \$24,475 (2008- \$45,244) and recorded to management fees, accounting fees, directors' fees and consulting fees. There was no additional share based compensation options issued during the period (2008- Nil). As at June 26, 2009, the Company adopted a 10% rolling stock option plan without vesting provisions compared to a 20% fixed plan with vesting provisions of previous years.

During the period, the Company sold 241,500 common shares of Animas for gross proceeds of \$92,042 (2008- \$Nil) and recognized a loss of \$73,373 (2008- \$Nil). The proceeds from disposition contributed to the Company's working capital, \$1,770,399 (2008- \$2,732,888). The balance of Animas common shares was 2,734,412 with a fair market value of \$1,640,736. At June 30, 2009, the Company had current assets of \$1,827,765 (2008- \$2,760,485) and current liabilities of \$57,366 (2008- \$27,597).

On March 10, 2009, Animas elected to pay US\$250,000 in common shares to the Company resulting in 637,700 common shares valued at \$231,995 with a deemed price of \$0.50 per share. Fair market value of Animas common share on payment date was \$0.36 per share. On April 27, 2009, the Company entered into an amending agreement with Animas whereby the Company agreed to extend the deadlines of Animas' remaining instalment payments. As consideration, Animas issued an additional 254,454 common shares with a deemed price of \$0.36 per share for a total value of \$92,570.

On May 15, 2009, the Company entered into a Loan Agreement with COP. The principal of the loan was \$50,000, repayable by August 15, 2009 (the "Maturity Date"), bearing no interest. If the principal is not repaid by the Maturity Date, COP will be required to pay interest at a rate of 5% per annum.

At the Company's Annual and Special Meeting of the Shareholders on June 26, 2009, all resolutions were passed including all resolutions including the consolidation of the Company's common shares on the basis of three (3) old for one (1) new and name change to Canada Gold Corporation were passed by the Company's shareholders. The Company is currently in the process of implementing these changes.

For the Three-Month Period Ended June 30, 2009 Summary

During the three month ended June 30, 2009, the Company incurred operating loss of \$192,459 (2008- \$106,458). The expenses were predominantly consulting fees \$68,077 (2008- \$14,365), management fees \$39,657 (2008- \$31,765), accounting and audit fees \$26,625 (2008- \$23,544) and travel and promotion \$24,544 (2008- \$2,245). Higher expenses during this period compared to the same period last year was due to activities related to the acquisition of COP and corporate restructuring. Net loss for the period after other items was \$155,982 (2008- \$106,458).

During the period, the Company expensed \$12,306 (2008- \$24,191) for stock based compensation cost and recorded this expense to management, accounting, directors and consulting fees. No additional stock based compensation options were granted during the period.

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OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY- Continued

For the Three-Month Period Ended June 30, 2009 Summary- Continued

Table 2. General and Administrative Expenditures for the Three Months Period Ended June 30, 2009

	June 30, 2009	June 30, 2008
Accounting and audit fees*	26,625	23,544
Consulting fees*	68,077	14,365
Directors' fees*	2,297	7,267
Interest and bank charges	119	264
Investor relations	6,546	1,007
Legal	4,842	4,304
Management fees*	39,657	31,765
Office and administrative	14,379	12,566
Transfer agent, listing and filing fees	5,373	9,131
Travel and promotion	24,544	2,245
Total	192,459	106,458

* Includes allocation stock-based compensation cost.

CORPORATE INTERNAL CONTROL

The Company practices strict internal controls through proper segregation of responsibilities and internal reporting of its personnel. Agreements and commitments that involve cash and/or share capital distribution such as private placements, stock option grant, property, service, and consulting agreements require Board of Directors approval through Directors' Resolutions. The Company's drilling and exploration programs and budgets are planned and approved by the Company's President & CEO and Directors. All cash distribution requires the Company's President & CEO, CFO or Corporate Secretary's approval to ensure that all expenses are accurate and aligned with the Company's budget. Approved share capital distribution is executed through treasury orders that requires final approval from the Company's President & CEO, and one authorized director or officer. These internal control procedures are established and strictly practiced to ensure the Company's goals and best interest are effectively carried out.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2009 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required.

Management is also responsible for the design of internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management believes the design to be sufficient and appropriate to provide such reasonable assurance.

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INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Accounting Standards Board of Canada (“AcSB”) plans to converge Canadian GAAP for publicly accountable enterprises with IFRS over a transition period that will end January 1, 2011 with the adoption of IFRS. The AcSB announced on February 13, 2008 that IFRS will be required in 2011 for publicly accountable profits oriented enterprises. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will present its first set of IFRS compliant financial statements for the year ending December 31, 2011. The Company is currently working on its IFRS conversion project which consists of four phases: diagnosis, design and planning, solution development and implementation. The plan addresses the impact of IFRS on accounting policies and implementation decisions, business activities and control activities. The Company plans to complete in a near future the first phase of its IFRS conversion, consisting in a preliminary study of the existing financial information and identifying the main areas where IFRS might have an impact. The IFRS conversion is a major initiative for the Company and all the necessary resources are being allocated to ensure the project's smooth transition. Throughout the 2009 fiscal year, the Company will be reporting on the progress of its IFRS implementation plan in its MD&A.

CORPORATE ACTIVITIES

The officers and directors as at the date of this report are as follows:

David McMillan*	President, CEO, Audit Committee Member
Harold Forzley*	Secretary, Audit Committee Member
Chad McMillan	Vice President of Corporate Communications
Craig Robson*	Chairman of Audit Committee
Marc Tran	Chief Financial Officer

**Director*

RELATED PARTY TRANSACTIONS

Related party transactions for the period ended June 30, 2009 are as follows:

- a) During the period, management fees of \$67,500 (2008 - \$65,250) were paid to companies controlled by a director and an officer of the Company.
- b) During the period, consulting fees of \$Nil (2008 - \$23,250) were paid to a non-arms length party related to a director.
- c) During the period, accounting fees of \$12,000 (2008 - \$10,000) were paid to an officer and a company controlled by an officer.
- d) During the period, the Company paid \$41,117 (2008 - \$30,392) for rent, office, accounting and investor relations expenses to a company controlled by directors and officers of the Company.
- e) As at June 30, 2009, amounts of \$10,396 (2008- \$nil) were owed to a director for travel expenses.
- f) During the period, the Company expensed \$24,475 (2008 - \$45,244) of stock-based compensation cost to directors' fees, management fees, accounting and consulting fees for options granted to directors, officers, and companies with directors in common.

INVESTOR RELATIONS ACTIVITIES

Investor relations duties are carried out by directors, officers and employees of the Company as part of their routine duties.

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SUBSEQUENT EVENTS

- a) On June 15, 2009, the Company entered into a Share Purchase Agreement with Canadian Ore Processors Corp. ("COP"), a private Canadian corporation, the shareholders of COP and Grafton Resource Investment Ltd. ("Grafton"). The Company will issue 3,570,003 common shares to acquire 2,380,002 common shares of COP from its shareholders. Grafton currently holds 15,400,000 common shares of COP and has agreed to return those shares to COP in exchange for a 50% equity interest in Procesador Canorepro S.A. ("COP Peru"), a Peruvian subsidiary of COP. Through this Share Purchase Agreement, the Company will acquire the remaining 50% equity interest in COP Peru. The Company also have the right to purchase Grafton's 50% interest in COP Peru at a price of US\$10,000,000 for a period of three years. The exercise price for this option will be repayable in common shares or cash at the election of the Company. If the consideration is made by common shares, the price per share is determined by the higher of US\$0.55 per share or the 30 day closing average.

The Company received TSX Venture Exchange approval on the Share Purchase Agreement on August 13, 2009.

COP and COP Peru were formed for the purpose of developing gold ore toll processing opportunities in northern Peru. COP has acquired US\$10,000,000 in financing from the Grafton through a stock swap between Grafton and COP;

- b) Per the Company's June 26, 2009 Annual and Special Meeting of the Shareholders, all resolutions including the consolidation of the Company's common shares on the basis of three (3) old for one (1) new and name change to Canada Gold Corporation were passed by the Company's shareholders. The Company is currently in the process of implementing these changes;
- c) On July 13, 2009, the Company received 225,000 common shares of Animas released from escrow. The balance of the escrowed shares was 450,000;
- d) On July 31, 2009, the Company received 250,000 common shares from GMV Minerals Inc. as part of the instalment payments per the RHG Option Agreement (Note 5 (b)(ii)(a)); and
- e) On August 6, 2009, the Company sold 60,000 common shares of Animas for net proceeds of \$48,123. The balance of Animas common shares was 2,674,412 with 450,000 held in escrow.

MetalQuest Minerals Inc.

David McMillan
President
August 18, 2009