

## SONORA GOLD CORP.

### MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ending December 31, 2006

#### DESCRIPTION OF BUSINESS

Sonora Gold Corp. (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 holds interests in mineral properties in Sonora, Mexico and British Columbia, Canada through the acquisition of Red Tusk Resources Inc. on 11 July 2006. The Company 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 SGG.

#### SELECTED FINANCIAL INFORMATION

##### Selected Annual Financial Information

	For the year ended December 31, 2006	For the year ended December 31, 2005	For the year ended December 31, 2004
Total revenue	Nil	Nil	Nil
Loss before discontinued operations and extraordinary items:			
(i) total for the year	\$450,129	\$413,470	\$663,449
(ii) per share	0.01	0.01	0.02
(iii) per share fully diluted	0.01	0.01	0.02
Net loss or (income):			
(i) total for the year	450,129	413,470	681,834
(ii) per share	0.01	0.01	0.02
(iii) per share fully diluted	0.01	0.01	0.02
Total assets	5,235,209	3,797,771	2,422,591
Total long-term financial liabilities	1,263,850	1,165,439	265,821
Cash dividends declared per-share	Nil	Nil	Nil

##### Selected Quarterly Financial Information

	4 <sup>th</sup> Quarter Ended December 31, 2006	3 <sup>rd</sup> Quarter Ended September 30, 2006	2 <sup>nd</sup> Quarter Ended June 30, 2006	1 <sup>st</sup> Quarter Ended March 31, 2006
(a) Loss (Revenue)	Nil	Nil	Nil	Nil
(b) Loss (gain) for period	\$125,373	\$128,997	\$110,506	\$85,253
(c) Loss per share	0.003	0.003	0.002	0.002
	4 <sup>th</sup> Quarter Ended December 31, 2005	3 <sup>rd</sup> Quarter Ended September 30, 2005	2 <sup>nd</sup> Quarter Ended June 30, 2005	1 <sup>st</sup> Quarter Ended March 31, 2005
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss (gain) for period	\$124,580	\$82,617	\$87,313	\$118,960
(c) Loss per share	0.011	0.002	0.002	0.003
	4 <sup>th</sup> Quarter Ended December 31, 2004	3 <sup>rd</sup> Quarter Ended September 30, 2004	2 <sup>nd</sup> Quarter Ended June 30, 2004	1 <sup>st</sup> Quarter Ended March 31, 2004
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss (gain) for period	\$177,900	\$193,982	\$198,210	\$111,742
(c) Loss per share	0.006	0.007	0.008	0.010

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**SUBSIDIARIES****First Silver Reserve S.A. de C.V. And Recursos Escondidos S.A. de C.V.**

Through purchase agreements effective 19 November 2002, the Company acquired 100% of the issued and outstanding shares of its subsidiaries, First Silver Reserve S.A. de C.V. ("First Silver") and Recursos Escondidos S.A. de C.V. ("Recursos"). The Company accounted for the acquisition of the subsidiaries by using the purchase method of accounting for a business combination. Included in the Company's consolidated statement of loss are the results of operations of both subsidiaries from the effective date of acquisition to 31 December 2006.

On 23 March 2006, the Company entered into a letter of agreement (the "Agreement") to sell its wholly owned Mexican subsidiaries, First Silver and Recursos to Sonora Copper LLC ("Sonora Copper"), a privately held company in the USA. The Company received final TSX Venture Exchange approval on 14 July 2006. On 21 November 2006, the Company announced that Sonora Copper failed to meet the terms of the Agreement. This transaction had been an important objective for the Company over 2006 however, due to ongoing delays that resulted in significant opportunity cost for the Company, the Agreement was terminated. With the termination of this sales agreement, the Company owes all outstanding expenses incurred since the Closing Date (17 May 2006) and not paid by Sonora Copper. The Company retained the US\$100,000 non-refundable deposit upon signing the Agreement.

**Red Tusk Resources Inc.**

On 11 July 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 Resources totaling 4,550,001 shares valued at \$0.115 per share. Included in the consideration is 1,000,000 shares issued to the Optionor of the RHG Mineral 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:

Consideration Given:		
Common shares issued- 4,550,001	\$	523,250
Net assets acquired at fair value:		
Current assets	\$	19,382
Equipment		112
Resource Mineral property		1,149,707
Accounts payable		(645,951)
<b>Net assets acquired at fair value</b>	<b>\$</b>	<b>523,250</b>

**SONORA GOLD CORP.****MANAGEMENT DISCUSSION & ANALYSIS**

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**RESOURCE PROPERTIES****Santa Gertrudis**

First Silver holds the title to the Santa Gertrudis property. The Company acquired the Santa Gertrudis property by issuing 362,307 common shares of the Company with a deemed value of \$0.10 per share for total consideration of \$36,231. Regulatory approval was received on 23 October 2002 and the shares were issued on 19 November 2002. The property is located in the Santa Teresa District, Cucurpe Municipality, Sonora State, Mexico and comprises 13 mineral claims totalling 4,823 hectares. The agreement provides that the Company and the vendors enter into a royalty agreement providing the vendor with a 2% net smelter royalty ("NSR") that will run as a covenant with and lien on the Santa Gertrudis property. In addition the Company assumed full responsibility for all unpaid property taxes and abandonment and reclamation costs.

**San Enrique**

The San Enrique area is located approximately 6.5 kilometres south of the Company's Santa Gertrudis gold production area.

By agreements dated 8 July 2005 and amended on 31 January 2006, the Company completed an Option Agreement (the "Option Agreement") with Teck Cominco Limited's wholly owned Mexican subsidiary, Minera Teck Cominco SA de C.V. ("TCM") on the Company's 100% owned San Enrique copper-moly project and its 100% Greta claims located in Sonora State, Mexico. The San Enrique is made up of four claims and the Greta property is made up of 2 claims located approximately 6.5 kilometres south of Santa Gertrudis gold production area (the "Optioned Lands"). The total hectares occupied by the Optioned Lands is 2,812 hectares. Claim staking by TCM within the Area of Mutual Interest has resulted in a current land position of 8,492 hectares that is subject to the TCM option as compared to the original 1,858 hectares. The Company retains a 100% position in 2,011 hectares to the north of the Greta and San Enrique properties (the Santa Gertrudis Claims).

The Option Agreement grants TCM an option to earn a 60% interest in the San Enrique and Greta properties by solely funding an aggregate of US\$3,500,000 in expenditures by 1 July 2010, of which US \$300,000 must be incurred within the first 12 months. TCM will be responsible for all property upkeep costs, including taxes and surface access costs. The Option Agreement also provides TCM the option, upon earning a 60% interest, to earn an additional 10% interest by solely funding a further US\$3,500,000 by July 1, 2011, thereby earning an aggregate 70% interest in the properties with the Company retaining a 30% interest. At the date TMC exercises its earn in rights, a Joint Venture will be formed with TCM being the initial Operator on behalf of the Joint Venture and undertaking programs and expenditures as approved by a Joint Venture Management Committee.

In addition to the funding requirements, TCM has paid cash of US\$80,000 (received), US\$50,000 (received) and must pay US\$50,000 by 31 August 2007. In addition, TMC must pay an additional US\$450,000 if there is a positive production decision on the Greta claims. Concurrent to the Option Agreement TCM's parent company acquired 3,000,000 units of the Company. Each unit consisted of one common share and one common share purchase warrant which allows the holder to acquire one additional common share at \$0.20 per share by 21 September 2007.

**Progress Report**

TCM has conducted geological mapping, rock and soil geochemistry, and limited reverse circulation drilling on the San Enrique copper-molybdenum property. The initial drill plan was for five holes totalling 2,000 meters in order to obtain lithological and structural information as well as test geophysical anomalies. Due to a late start and equipment difficulties only four holes totalling 1,198 meters were completed prior to December 2005.

All of the four holes drilled to date intersected wide zones of highly anomalous molybdenum, copper, and zinc with occasional high precious metal values. The mineralization is concentrated in veins, veinlets, and stockworks in hornfels and diorite. Drill holes RCSE #2 and RCSE #3 were mineralized over their entire lengths (456 ppm Cu, 157 ppm Mo over 292.6 meters and 460 ppm Cu, 214 ppm Mo over 207.3 meters

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**RESOURCE PROPERTIES – Continued****San Enrique** – Continued

respectively). Hole RCSE #1 returned 202.7 meters grading 430 ppm Cu and 150 ppm Mo. Significant gold mineralization (up to 1.57 grams per tonne) was occasionally associated with the higher grade copper-molybdenum values. The first four holes of TCM's drill program did not test all of the copper-molybdenum soil geochemical anomalies and several remaining large target areas will be the focus of the next phase of drilling. Previous drilling by Sonora Gold in this area returned values up to 27.6 meters grading 0.148% Mo, 0.308% Cu and 6.7 grams per tonne Ag.

A total of five specific targets have been identified in the San Enrique optioned lands. Since early 2006, mapping, soil, and sampling programs have been conducted by TCM with the objective of identifying drill targets. Highlights of these lands include:

- Excellent potential for hosting deeper, high-grade Carlin-style mineralization.
- Ore grade Copper, Molybdenum and Silver intercepts encountered Sonora Gold's previously reported 2000 meter core drilling program at San Enrique. Hole # 05-15 returned 27.6 meters grading 0.148% Mo, 0.308% Cu and 6.7gpt Silver. Within this interval 5.3 meters graded 0.454% Mo, 0.92% Cu and 21.3gpt Silver.

On 4 July 2006 TCM has advised the Company that approximately 10 holes, 2,000 to 2,500 metre diamond drill program began on the San Enrique property. This drilling is concentrated in the 'Nacho Libre' anomaly where previous shallow drilling by the Company encountered values of up to 27.6 meters grading 0.148% Mo, 0.308% Cu and 6.7 gpt Ag. TCM has advised that this drilling will be significantly deeper than the Company's previous program with the objective of testing the continuity of mineralization at depth.

A preliminary report on Nacho Libre was provided by TCM, highlighting additional work in that specific area. A total of 113 rock samples were collected from the property, resulting in average values of 56 ppb Au, 508 ppm Cu, 351 ppm Mo. The highest values reported were 1,330 ppb Au, 10,750 ppm Cu, and 8,501 ppm Mo. The Nacho Libre anomaly is only one of several additional anomalies on the San Enrique property, and more detail of work programs on those areas is expected soon.

Exploration work completed by TCM at the San Enrique project in 2006 includes geological mapping at a scale of 1:2,500, field review of magnetic anomalies, dating of intrusive rocks, rock sampling, mapping of vein density and structural analysis of the main target area. TCM also completed a five hole, 1,216 m diamond drill program on the San Enrique project. The objective was to drill test the Cu-Mo (Au) "Nacho Libre" target defined earlier at the main San Enrique area. The target area is represented by widespread quartz veining with strongly anomalous Cu-Mo mineralization coincident with a magnetic high. Detailed mapping of the main Greta area as well as minor new rock sampling was also completed during the summer.

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**RESOURCE PROPERTIES - Continued****San Enrique – Continued**

The table below is a summary of significant results from the 2006 summer drill program.

Hole No.	From (m)	To (m)	Interval (m)	Cu (ppm)	Mo (ppm)
DSE-1	131	174	43	1,380	383
DSE-2	24	29.5	5.5	1,409	106
And	49	67.2	18.2	1,027	361
DSE-3	No significant assays				
DSE-4	No significant assays				
DSE-5	124	128	4	1,030	469
	199.3	237.5	39.4	1,528	935
Includes	216.8	219	1.8	4,164	1,608
Includes	226.4	234.9	8.5	1,834	2,675
	255	259.5	4.5	1,155	503
	269	291.6	22.6	1,236	489

An exploration proposal is being prepared for 2007, which will include continued exploration of the Au target at Greta and possibly some additional work on the "Nacho Libre" Mo-Cu target located west of the gold occurrence at Greta. Total 2006 expenditures by TCM on the project to the end of September are approximately US\$484,000.

**Roca Roja**

Recursos holds the title to the Roca Roja property. The property is located in the Santa Teresa District, Cucurpe Municipality, Sonora State, Mexico and comprises 13 mineral claims totalling 2,149 hectares. The Recursos acquisition agreement provides that the vendor will receive U.S\$0.10 per ton of ore mined to a maximum of U.S. \$2 million and a 1% NSR. The Company assumed full responsibility for all unpaid property taxes and abandonment and reclamation costs.

**RHG Project**

Red Tusk holds options to earn 100% interest in two mineral properties particularly the RHG Project and the Tantalus Mountain Project ("Tantalus") located in the Vancouver Mining District near Squamish and the Liard Mining Division of British Columbia. The RHG project is a 10,964 hectare northcentral British Columbia porphyry/skarn Copper/Gold prospect located in the prolific Copper belt hosting the Galore Creek/Copper Canyon deposits. Work by previous companies identified porphyry style mineralization grading greater than 1% Copper in intrusive rocks, 1.5% Copper from fractured silicified volcanics, and 30% Copper and 0.40 ounces Gold/ton from skarn. A national instrument 43-101 report on the property outlined the 2005 rock sampling program on the RHG prospect which assayed samples as high as 0.78% Copper. An induced polarization (I.P.) survey resulted in large chargeability anomalies in the area of mineralized occurrences. Copper geochemical anomalies are coincident with the I.P. anomalies. Three dimensional modeling of government airborne magnetic data suggests the RHG prospect is underlain by a buried intrusive which possibly provided the source of the abundant copper mineralization.

The 2006 exploration strategy for the drill-ready RHG Copper-Gold prospect was contingent upon the sale of the First Silver and Recursos. As such, the Company has been unable to move forward on this project to date and due to limitations of the winter season, will plan a twenty-four (24) hole program for the Spring of 2007. The RHG property features IP and ground work confirming numerous targets and previous sample assays range

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**RESOURCE PROPERTIES - *Continued*****RHG Project – *Continued***

from greater than 1% copper and 0.4 oz/ton gold from sampling in skarn and 1.5% copper in samples from fractured solificified volcanics.

**The Tantalus Mountain Project**

The Tantalus project is underlain by the Gambier Group rocks forming a roof pendant. Studies have indicated the Gambier rocks are aged and chemically equivalent to the Britannia roof pendant which hosted the historic Britannia massive sulphide deposit. Production from the Britannia mine totaled approximately 48 million tonnes at an average grade of 1.1% Copper, 7% Zinc, and 1% Lead with Gold and Silver credits. Airborne geophysical surveys resulted in five high priority electro-magnetic anomalies worthy of detailed follow-up. An additional ground exploration program is being contemplated for the summer, including surveying, sampling, and I.P. surveys in these high priority areas. Follow-up work to the program will include drilling, if warranted.

**OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY****Annual Summary**

The Company incurred an operating loss of \$450,129 for the year ended 31 December 2006 (31 December 2005 - \$413,470). Operating loss comprised mainly of fees related to accounting and audit, consulting, directors', management and office expenses. At 31 December 2006, the Company had current assets of \$208,046 and current liabilities of \$416,533 resulting in a working capital deficit of \$208,487 (2005 - \$16,163). A majority of the Company's current liabilities was related to accrued Mexican annual mining taxes for 2005 and 2006 outstanding payments.

At 31 December 2006, the Company reported a future income tax liability of \$1,263,850 (2005 - \$1,165,439). This long term liability was entirely made of deferred income tax balance from the Company's Mexican subsidiaries. The Company determined that certain expenditures made by its Mexican subsidiaries do not qualify as a deduction for Mexican tax purposes. Consequently there is a variance between the value of the resource property costs for accounting purposes and Mexican tax purposes. The balance for accounting exceeds the value for tax. Under Canadian Generally Accepted Accounting Principles this variance results in the recognition of a future income tax liability the balance of which is added to the cost of the asset.

Due to lack of exploration activities on the Company's mineral properties in 2006, a majority of the Company's expenses were reduced in comparison to 2005 except for investor relations and professional fees related to the Company's corporate restructuring activities including the acquisition of Red Tusk and due diligence for sale of First Silver and Recursos. Red Tusk incurred interest expense of \$34,914 for amounts owing to the optionor of the RHG property.

On 12 May 2006, the Company announced listing on the Frankfurt Stock Exchange under the trading symbol T9N to provide the European investment community greater access to purchasing and selling of the Company's shares. The Frankfurt Stock Exchange is one of the world's largest trading centers for securities, and is also the largest of the eight German stock exchanges. The Company incurred higher investor relations expenses as a result of this new listing.

During the year ended 31 December 2006, the Company capitalized an additional \$1,392,461 in resource property cost with \$1,149,707 related to acquisition cost for Red Tusk. The remaining net resource property cost includes \$242,186 in relation to the Mexican properties whereby the Company received \$269,782 from TCM (US\$130,000) as part of the San Enrique Option Agreement and Sonora Copper (US\$100,000) for the initial deposit on the First Silver and Recursos disposition. This recovery reduced the Mexican resource property costs.

**SONORA GOLD CORP.****MANAGEMENT DISCUSSION & ANALYSIS**

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**OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY- *Continued***  
**Annual Summary- *Continued***

On 28 December 2006, the Company received TSX Venture Exchange approval and closed a private placement by issuing 26,459,544 units of the Company at a price of \$0.055 per unit for gross proceeds of \$1,455,275. The Company received \$957,900 from the proceeds of the private placement. The remaining \$497,375 was received subsequent to year end. The Company paid \$63,525 for finders' fees in connection with this private placement. The fund from the private placement was used for the Company's on going working capital commitment.

The Company granted 2,600,000 stock-based compensation options to directors, officers, employees and consultants in the last quarter of 2006. Stock-based compensation cost for the year was \$132,688 (2005 - \$185,738) and this expense was allocated in accounting, consulting, directors' and management fees. Stock-based compensation options and share purchase warrants were not exercised in the year ended 31 December 2006 (2005 – warrants exercised \$11,000).

**Table 2. General and Administrative Expenditures**

	<b>December 31 2006</b>	<b>December 31 2005</b>
Amortization	-	1,427
Accounting and audit fees	<b>77,546</b>	33,854
Consulting fees	<b>81,672</b>	93,917
Director's fees	<b>78,014</b>	84,811
Interest and bank charges	<b>36,138</b>	1,403
Gain on foreign exchange	<b>(23,347)</b>	(12,427)
Investor relations	<b>29,742</b>	27,056
Legal	<b>9,601</b>	4,738
Management fees	<b>77,467</b>	97,466
Office and administrative	<b>42,846</b>	50,636
Transfer agent, listing and filing fees	<b>24,560</b>	22,532
Travel and promotion	<b>15,890</b>	8,056
<b>Total</b>	<b>\$450,129</b>	<b>\$413,470</b>

**Quarterly Summary**

For the three months ended 31 December 2006, the Company reported an operating loss of \$125,373 (2005- \$124,579). The Company granted 2,600,000 stock-based compensation options in 28 October 2006 and incurred \$51,606 in stock-based compensation expense for vested options during the three months period ended 31 December 2006. This stock-based compensation expense was allocated to accounting, consulting, directors' and management fees.

On 21 November 2006, the Company announced the termination of the First Silver and Recursos sales agreement due to Sonora Copper's failure to meet the terms of the agreement. With the termination of this sales agreement, all additional expenses incurred since the Closing Date (17 May 2006) by the Mexican subsidiaries reverted back to the Company. Subsequently, the Company continued to finance First Silver and Recursos's administrative and overhead operation thereby increasing resource property cost and intercompany transfer balances in the three months ended 31 December 2006.

**SONORA GOLD CORP.****MANAGEMENT DISCUSSION & ANALYSIS**

For the Year Ending December 31, 2006

**OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY- *Continued*****Quarterly Summary- *Continued***

The Company's continuing losses and ongoing overhead and resource property investigation costs bring into question the Company's ability to survive as a going concern if it is unable to secure adequate financing.

**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' Resolution. 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 December 31, 2006 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.

**CORPORATE ACTIVITIES**

On 23 August 2006, the Company appointed W.K. Crichy Clarke B.A. and John Nicholson P.Geo FRGS as Directors of the Company. Mr. Clarke's corporate experience includes 12 years (1975 to 1987) working with the Royal Bank of Canada in Vancouver, Montreal, Toronto, New York, Houston, Portland, Edmonton, and Calgary, rising to Senior Account Manager, national accounts, energy for that organization. He has also worked as a stock broker at both McDermid St. Lawrence Ltd. and Canaccord Capital Corp. (1987 to 1994). Mr. Clarke is currently President, CEO and Director of TTM Resources Inc., a TSX Venture Exchange listed Company and is also active in a number of private companies in British Columbia and Alberta, focused on resource exploration and real estate.

Mr. Nicholson is another addition to the Company's Board of Directors, lending extensive experience in precious and base metals exploration and development, having worked on projects in both North and South America. Mr. Nicholson is a Professional Geologist, and Fellow of the Royal Geographical Society (FRGS).

Robert A. Sibthorpe, P.Geo has resigned from the Board due to other commitments but will continue to lend his expertise to the Company as a Consultant. The Company thanks Mr. Sibthorpe for his past contributions as a Director.

The Board of Directors and Officers of the Company include - Dave McMillan, President and C.E.O., Craig Robson, Frank Callaghan, Harold Forzley, C.F.O., W.K. Crichy Clarke, John Nicholson and Marc Tran, Secretary.

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**CORPORATE ACTIVITIES – Continued**

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

David McMillan*	President, CEO
Frank Callaghan*	Audit Committee Member
W.K Crichy Clarke*	
Harold Forzley*	Chief Financial Officer, Audit Committee Member
John Nicholson*	
Craig Robson*	Chairman of Audit Committee
Marc Tran	Secretary

\*Director

**RELATED PARTY TRANSACTIONS**

Related party transactions for the year ended 31 December 2006 are as follows:

- During the year, management fees of \$52,500 (2005 - \$55,050) were paid to directors and officers or a Company controlled by directors and officers.
- During the year, the Company paid directors \$918 (2005 – \$29,395) in consulting and service fees in addition to \$15,192 (2005 - \$5,428) for travel and expense reimbursements relating to investor communication, property investigation, and project management.
- During the year, directors, officers, and former directors subscribed for 6,563,636 (2005 – 1,600,000) common shares of the Company in private placements for total proceeds of \$361,000 (2005- \$160,000).
- During the year, the Company expensed \$122,359 (2005-\$141,910) 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.
- During the year, the Company paid interest of \$34,914 (2005: \$Nil), consulting fees of \$26,100 (2005: \$1,650) and finder's fees of \$10,450 (2005: \$Nil) to companies controlled by officers and relatives of directors. Prepaid expense includes \$15,000 (2005: \$Nil) due to those companies.

**INVESTOR RELATIONS ACTIVITIES**

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

**SUBSEQUENT EVENTS**

On 21 February 2007, the Company signed a Letter of Intent to sell 100% of its 100% interest in the Santa Gertrudis Gold Project to Deal Capital Ltd. ("the Purchaser"), a Toronto Venture Exchange listed Capital Pool Company ("DCP.P").

The Purchaser has paid a non-refundable deposit of \$25,000 to the Company for the acquisition, and will pay US\$650,000 and issue 1,500,000 common shares to the Company upon closing, subject to an escrow agreement. Three more payments of US\$500,000 will be paid to the Company in cash or common shares (at the option of the Purchaser) on the first, second and third anniversaries. If the closing of the transaction goes beyond April 30, 2007, the Purchaser will pay the Company US\$10,000 to extend the closing date to 31 May 2007.

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**SUBSEQUENT EVENTS – *Continued***

This transaction provides the Company an opportunity to participate in the potential upside of a deep Carlin-style exploration program on the Santa Gertrudis property, continue exploration on the Teck Cominco San Enrique Cu-Mo-Au Option Lands, focus on the Cu-Au RHG prospect in Northern British Columbia, and pursue additional opportunities available to the Company.

**Sonora Gold Corp.**

David McMillan  
President  
April 30, 2007