

METALQUEST MINERALS INC.
(Formerly Sonora Gold Corp.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended December 31, 2007

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 two mineral properties located in British Columbia, Canada through the acquisition of Red Tusk Resources Inc. on July 11, 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 MQ.

SELECTED FINANCIAL INFORMATION

Selected Annual Financial Information

	For the year ended December 31, 2007	For the year ended December 31, 2006	For the year ended December 31, 2005
Total revenue	Nil	Nil	Nil
Gain (Loss) before discontinued operations and extraordinary items:			
(i) total for the year	(\$614,312)	(\$450,129)	(\$413,470)
(ii) per share	(\$0.02)	(\$0.01)	(\$0.01)
(iii) per share fully diluted	(\$0.02)	(\$0.01)	(\$0.01)
Net Income or (loss):			
(i) total for the year	(\$941,526)	(\$450,129)	(\$413,470)
(ii) per share	(\$0.04)	(\$0.01)	(\$0.01)
(iii) per share fully diluted	(\$0.04)	(\$0.01)	(\$0.01)
Total assets	\$4,917,685	\$5,235,209	\$3,797,771
Total long-term financial liabilities	Nil	\$1,263,850	\$1,165,439
Cash dividends declared per-share	Nil	Nil	Nil

Selected Quarterly Financial Information

	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)
	4 th Quarter Ended December 31, 2006	3 rd Quarter Ended September 30, 2006	2 nd Quarter Ended June 30, 2006	1 st Quarter Ended March 31, 2006
(a) Revenue (Loss)	Nil	Nil	Nil	Nil
(b) Gain (loss) for period	(\$125,373)	(\$128,997)	(\$110,506)	(\$85,253)
(c) Gain (loss) per share	(\$0.003)	(\$0.003)	(\$0.002)	(\$0.002)
	4 th Quarter Ended December 31, 2005	3 rd Quarter Ended September 30, 2005	2 nd Quarter Ended June 30, 2005	1 st Quarter Ended March 31, 2005
(a) Revenue (Loss)	Nil	Nil	Nil	Nil
(b) Gain (loss) for period	(\$124,580)	(\$82,617)	(\$87,313)	(\$118,960)
(c) Gain (loss) per share	(\$0.011)	(\$0.002)	(\$0.002)	(\$0.003)

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SUBSIDIARIES

First Silver Reserve S.A. de C.V. & Recursos Escondidos S.A. de C.V.

Through purchase agreements effective November 19, 2002, the Company acquired 100% of the issued and outstanding shares of its subsidiaries, First Silver Reserve, S.A. de C.V. and Recursos Escondidos, S.A. de C.V. (the "Subsidiaries"). On July 11, 2007, the Company completed a disposition agreement (the "Agreement") to sell 100% of its shares, rights, title and interest of the Subsidiaries to Animas Resources Inc. (the "Purchaser") (TSX.V: ANI, formerly Deal Capital Ltd., a TSX Venture Exchange listed Capital Pool Company). The Subsidiaries are registered and beneficial holders of the past producing Santa Gertrudis and Roca Roja properties located in Sonora, Mexico.

As consideration, the Purchaser has paid US\$650,000 and issued 1,500,000 escrowed common shares of the Purchaser to the Company at Closing with final TSX Venture Exchange acceptance. The Purchaser also paid the Company an aggregate of \$25,000 as a non-refundable deposit for execution of the Letter of Intent and US\$20,000 for subsequent extension fees. Three additional payments of US\$500,000 will be paid to the Company in cash and/or common shares of the Purchaser at the option of the Purchaser on the first, second and third anniversaries of the Closing date.

Minera Montana Roja, S.A. de C.V.

Minera Montana Roja, S.A. de C.V. ("MMR") is a Mexican subsidiary created to hold the San Enrique and Greta Claims. By agreements dated July 8, 2005 and amended on January 31, 2006, the Company completed a Joint Venture agreement (the "Joint Venture 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 kilometers south of Santa Gertrudis gold production area.

The Joint Venture 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 July 1, 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 Joint Venture 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 TCM 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 must pay cash of US\$80,000 (received) and pay US\$100,000 in two instalments due August 31, 2006 (received) and August 31, 2007 (received). In addition, TCM must pay an additional US\$450,000 if there is a positive production decision on the Greta claims. The Company recorded these advances against the Mexican property costs.

Coinciding with the disposition of the Subsidiaries, the Company entered into a right of first refusal agreement with the Animas Resources Inc. (the "Purchaser") on July 5, 2007. The option agreement offers a 120 day option to purchase the Company's 100% interest in the San Enrique property should TCM earn-in option be terminated. Terms of the option would include, US\$450,000 payable in cash or common shares of the Purchaser at the option of the Purchaser, and US\$20 for each ounce in excess of 45,000 ounces on the Properties subject to the Option, contained in mineralized material above a 1.5 gram per tonne Au cut off in 43-101 compliant measured and indicated resource categories. Should the Purchaser choose to exercise the option with respect to any portions of the Properties that are returned to the Company by TCM the Purchaser shall pay the Company that percentage of the exercise price which is equal to the percentage of the total surface area of the portions so returned in relation to the total San Enrique Option Lands area.

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SUBSIDIARIES- *Continued*

Minera Montana Roja, S.A. de C.V. - *Continued*

On February 29, 2008, the Purchaser exercised the option to acquire 100% interest in the San Enrique property. As consideration, the Purchaser elected to issue 307,429 common shares of the Purchaser with a value of US\$450,000 based on a deemed value per share equal to a 30 day weighted average trading price of the Purchaser.

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 Resources totaling 1,516,667 common shares valued at \$0.345 per share. Included in the consideration is 333,333 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- 1,516,667	\$	523,250
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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RESOURCE PROPERTIES

San Enrique

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

During the year ended December 31, 2007, TCM continued to explore the San Enrique property and confirmed in their summary reports that the 8,492 hectare San Enrique molybdenum-copper-gold-silver option lands retained opportunities to contain an economic mineral deposit. TCM has identified several coincident anomalous areas over a 9 kilometer strike length featuring variable molybdenum, copper, gold, and silver numbers in each. TCM's work suggests these anomalous zones share multiple geological indicators which suggest they may originate from a common source intrusion. TCM continued to focus on structural studies, additional vein mapping, and drill testing on and between these zones to test this hypothesis, as well as concentrating on exploring these zones for base and precious metals. A 3D structural model of the Greta gold area characterized as containing many of the characteristics of a Nevada Carlin Trend style sediment-hosted gold system, including stratigraphic jasperoid development, decalcification and ex-disseminated pyrite. TCM suggested this area may contain a significant resource originating from a deeper common feeder source, and intends to focus drilling upon this premise. Initially, up to 2,000 meters of drilling in this area is anticipated.

TCM had also evaluated the results of past surface and sub-surface work in the Nacho Libre molybdenum-copper-gold-silver target area by considering results from vein characterization and orientation studies, to make sure that previous drilling has not missed better grades. The results showed sub-economic results. TCM considered re-logging and re-assaying these and several other previously reported Sonora Gold and TCM drill cores from the 2004-05-06 drilling programs that were focused on the Nacho Libre target.

As at December 31, 2007, TCM expended approximately US\$1 million on the San Enrique Option Lands.

On July 5, 2007, the Company entered into a right of first refusal agreement with the Animas Resources Inc. (the "Purchaser") offering a 120 day option to purchase the Company's 100% interest in the San Enrique property should TCM earn-in option be terminated. Terms of the option would include, US\$450,000 payable in cash or common shares of the Purchaser at the option of the Purchaser, and US\$20 for each ounce in excess of 45,000 ounces on the Properties subject to the Option, contained in mineralized material above a 1.5 gram per tonne Au cut off in 43-101 compliant measured and indicated resource categories. Should the Purchaser choose to exercise the option with respect to any portions of the Properties that are returned to the Company by TCM the Purchaser shall pay the Company that percentage of the exercise price which is equal to the percentage of the total surface area of the portions so returned in relation to the total San Enrique Option Lands area.

On February 29, 2008, the Purchaser exercised the option to acquire 100% interest in the San Enrique property. As consideration, the Purchaser elected to issue 307,429 common shares of the Purchaser with a value of US\$450,000 based on a deemed value per share equal to a 30 day weighted average trading price of the Purchaser.

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RESOURCE PROPERTIES – Continued

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.

During the year ended December 31, 2007, the Company worked towards drill testing the highest priority targets of the RHG copper gold prospect. Drill permits for up to 6 holes have been obtained from the BC Ministry of Energy and Mines. During late September, the Company's consulting geologists flew to the property to evaluate conditions which were deemed favourable but due to safety and economic cost concerns of a winter drill program, the Company has deferred further exploration until 2008.

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY

Year Ended December 31, 2007 Summary

For the year ended December 31, 2007, the Company incurred an operating loss before extraordinary items of \$614,312 (2006- \$450,129). Stock based compensation expense for the period was \$149,120 (2006 - \$132,788) and was allocated to directors', accounting, management, and consulting fees. Operating loss before extraordinary items mainly comprised of \$114,242 (2006- \$77,546) in accounting and audit fees, \$84,512 (2006- \$77,467) in management fees, \$132,527 (2006- \$81,672) in consulting fees and \$40,840 (2006- \$78,014) in director's fees that were entirely made up of stock based compensation cost. The Company also incurred \$23,474 (2006- \$9,601) in legal expense and \$28,690 (2006- \$24,560) in transfer agent and filing fees due to disposition of its Mexican Subsidiaries and share consolidation.

The Company completed the disposition of its Mexican Subsidiaries on July 12, 2007 and as consideration, the Company received an aggregate of \$726,386 in cash, 1,500,000 escrowed shares of Animas Resources Inc. (the "Purchaser") valued at \$305,952 on July 11, 2007, and three additional payments of US\$500,000 in cash or common shares of the Purchaser receivable after the first, second and third anniversaries of the closing date. For the year ended December 31, 2007, the Company recorded a \$415,617 loss from disposition of the Mexican subsidiaries (2006- nil). The Company also recorded \$69,406 (2006- nil) in interest income and \$75,057 in foreign exchange loss as part of the long term receivable valuation from the Purchaser. Total net loss for the period was \$941,526 (2006- \$450,129).

As a result of the Mexican Subsidiaries disposition, the Company has written off all capitalized resource property costs related to its Santa Gertrudis and Roca Roja properties in the amount of \$3,987,222 (2006- nil) resulting in a resource property cost balance of \$1,096,831 at December 31, 2007 (2006- \$5,026,001) which was entirely allocated to the RHG Project. Prior to the disposition, the Company capitalized an additional \$58,052 (2006- \$1,392,461) in resource property cost for the year.

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

Year Ended December 31, 2007 Summary- *Continued*

On October 17, 2007, the Company adopted all resolutions from its July 27, 2007 Annual and Special Meeting including a name change and a 3 (three) for 1 (one) share consolidation. As at October 17, 2007, the Company had 74,017,038 common shares issued and outstanding and as a result of the share consolidation, a balance of 24,672,346 common shares was issued and outstanding on December 31, 2007. During the year, the Company also granted 700,000 stock based compensation options for a period of 2 (two) years at an exercise price of \$0.30 to directors, officers and consultants.

During the year, the Company received the remaining \$497,375 in subscriptions receivable related its December 28, 2006 private placement which contributed to the Company's working capital. At December 31, 2007, the Company had working capital of \$2,036,872 (2006- deficit \$208,487) from a current asset balance of \$2,103,649 (2006- \$208,046) and current liability of \$66,777 (2006- \$416,533). The Company's current assets were mainly comprised of the current portion of receivable and common shares received from the disposition of its Mexican Subsidiaries of \$1,441,293 (2006- nil). The Company also reduced a large portion of its accounts payable and future income tax liabilities resulting in an accounts payable balance of \$65,250 at December 31, 2007 (2006- \$368,738).

Three Month Period Ended December 31, 2007 Summary

For the three-month period ended December 31, 2007, the Company incurred an operating loss before extraordinary items of \$214,571 (2006- \$125,375). The Company reported stock based compensation cost of \$44,067 (2006- \$51,606) which was allocated to directors, management, accounting and consulting fees. Operating loss before stock based compensation cost was \$170,504(2006- \$73,769).

During the fourth quarter, the Company implemented all resolutions from its July 27, 2007 Annual and Special Meeting including a name change and a 3 (three) for 1 (one) share consolidation. As at October 17, 2007, the Company had 74,017,038 common shares issued and outstanding and as a result of the share consolidation, a balance of 24,672,346 common shares was issued and outstanding on December 31, 2007.

Table 2. General and Administrative Expenditures

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006
Amortization	1,162	-
Accounting and audit fees*	114,242	77,546
Consulting fees*	132,527	81,672
Director's fees *	40,840	78,014
Loss (gain) on foreign exchange	86,280	(23,347)
Interest and bank charges	1,244	36,138
Investor relations	22,201	29,742
Legal	23,474	9,601
Management fees*	84,512	77,467
Office and administrative	57,484	42,846
Transfer agent, listing and filing fees	28,690	24,560
Travel and promotion	21,656	15,890
Total	614,312	450,129

* Includes allocation stock based compensation cost.

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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, 2007 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

During the year ended December 31, 2007, the Company undergone corporate changes including the resignation of W.K. Crichy Clarke and Frank Callaghan from the Board of Directors. Ian Klassen was appointed to the Company's Board of Directors on May 18, 2007.

Subsequent to year end Harold Forzley resigned and Marc Tran as appointed as the Company's Chief Financial Officer.

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
Ian Klassen *	
John Nicholson*	
Craig Robson*	Chairman of Audit Committee
Marc Tran	Chief Financial Officer

**Director*

RELATED PARTY TRANSACTIONS

Related party transactions for the year ended December 31, 2007 are as follows:

- a) During the year management fees of \$70,000 (2006 - \$52,500) were paid to directors and officers or a Company controlled by directors and officers.
- b) During the year consulting fees of \$24,000 (2006 - \$17,250) were paid to a non arms length party related to a director.

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RELATED PARTY TRANSACTIONS- *Continued*

- c) During the year, consulting fees of \$16,200 (2006- \$16,200) were paid to a company owned by an officer of the Company.
- d) During the year, the Company expensed \$149,120 (2006 - \$122,359) 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.
- e) Included in prepaid expenses is advances of \$1,500 to an officer of the Company and sulting fees of \$1,350 to the related company as noted in paragraph (c) above.

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 February 29, 2008 the Company completed its asset monetization strategy whereby the Company sold its the San Enrique and Greta properties to Animas Resources Inc. (the "Purchaser") based on a July 5, 2007 right of first refusal agreement offering a 120 day option to purchase the Company's 100% interest of the properties. Terms of the option included US\$450,000 payable in cash or common shares of the Purchaser at the option of the Purchaser, and US\$20 for each ounce in excess of 45,000 ounces on the Properties subject to the Option, contained in mineralized material above a 1.5 gram per tonne Au cut off in 43-101 compliant measured and indicated resource categories.

The Purchaser exercised the option to acquire 100% interest in the San Enrique property. As consideration, the Purchaser elected to issue 307,429 common shares of the Purchaser with a value of US\$450,000 based on a deemed value per share equal to a 30 day weighted average trading price of the Purchaser.

The Company appointed Mr. Marc Tran B.Comm, B.A. as Chief Financial Officer, and Mr. Chad McMillan B.A. as Vice President Corporate Communications. Mr. Harold Forzley, C.A., formerly Chief Financial Officer is now Corporate Secretary and remains a Director of the Company.

The Company is also allocating 2,900,000 options for Directors, Officers and Consultants of the Company at a price of \$0.13 per unit for a period of two years, subject to TSX Venture Exchange approval.

Sonora Gold Corp.

David McMillan
President
April 28, 2008