

# SONORA GOLD CORP.

## MANAGEMENT DISCUSSION & ANALYSIS

For the Three Months Period Ended March 31, 2007

### 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 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 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, 2007	3 <sup>rd</sup> Quarter Ended September 30, 2007	2 <sup>nd</sup> Quarter Ended June 30, 2007	1 <sup>st</sup> Quarter Ended March 31, 2007
(a) Loss (Revenue)	-	-	-	Nil
(b) Loss (gain) for period	-	-	-	\$102,137
(c) Loss per share	-	-	-	0.001
	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

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

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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 November 19, 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 March 31, 2007.

On February 21, 2007, the Company entered into a Letter of Intent (the "LOI") to sell its wholly owned Mexican subsidiaries, First Silver and Recursos to Deal Capital Ltd. ("Deal Capital"), a TSX Venture Exchange listed Capital Pool Company (DCP.P). As consideration of the LOI, Deal Capital has paid a non-refundable deposit of \$25,000 to the Company. Upon the closing of the final agreement, Deal Capital will pay the Company US\$650,000 and issue 1,500,000 common shares, subject to an escrow agreement. Three additional subsequent payments of US\$500,000 in cash or common shares, at the option of Deal Capital, will be issued to the Company on the first, second and third anniversaries of the closing of the final agreement.

**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 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**

For the Three Months Period Ended March 31, 2007

**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 October 23, 2002 and the shares were issued on November 19, 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 July 8, 2005 and amended on January 31, 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 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 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 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 has paid cash of US\$80,000 (received), US\$50,000 (received) and must pay US\$50,000 by August 31, 2007. In addition, TCM 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 September 21, 2007.

**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.

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

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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.

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

**OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY****1<sup>st</sup> Quarter 2007 Summary**

The Company incurred an operating loss of \$102,137 for the three months period ended March 31, 2007 (March 31, 2006 - \$85,253). Operating loss before stock based compensation cost was \$68,446 (March 31, 2006 - \$49,957). Stock based compensation expense for the period was \$33,691 (March 31, 2006 - \$35,296) was allocated to directors', accounting, management, and consulting fees. Operating loss for the period was mainly comprised of fees management, consulting and directors' fees. During the period, the Company received the remaining \$497,375 in subscriptions receivable related to the December 28, 2006 private placement. This increased the Company's current asset resulting in a balance of \$470,496 and current liabilities of \$335,598 resulting in a working capital of \$134,898 at March 31, 2007 (March 31, 2006 – deficit \$64,911). A majority of the Company's current liabilities was related to accrued Mexican annual mining taxes for 2005 and 2006 outstanding payments.

During the period ended March 31, 2007, the Company capitalized an additional \$105,543 (March 31, 2006 - \$23,445) in operating cost for First Silver and Recursos.

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

For the Three Months Period Ended March 31, 2007

**OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY - *Continued*****1<sup>st</sup> Quarter 2007 Summary - *Continued***

At December 31, 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.

**Table 2. General and Administrative Expenditures**

	<b>March 31, 2007</b>	March 31, 2006
Accounting and audit fees*	<b>12,091</b>	7,313
Consulting fees*	<b>21,926</b>	16,343
Director's fees*	<b>19,429</b>	35,296
Gain on foreign exchange	<b>(17,265)</b>	(5,903)
Interest and bank charges	<b>395</b>	422
Investor relations	<b>5,524</b>	2,402
Legal	<b>10,711</b>	549
Management fees*	<b>22,069</b>	10,500
Office and administrative	<b>15,243</b>	5,705
Transfer agent, listing and filing fees	<b>7,638</b>	6,924
Travel and promotion	<b>4,376</b>	1,427
<b>Total</b>	<b>\$102,137</b>	<b>\$85,253</b>

\* Includes allocation of \$33,691 of 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' 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 March 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.

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

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**CORPORATE ACTIVITIES**

On August 23, 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.

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 March 31, 2007 are as follows:

- a) During the period ended March 31, 2007, management fees of \$15,000 (March 31, 2006 - \$10,500) were paid to directors and officers or a Company controlled by directors and officers.
- b) During the period ended March 31, 2007, the Company paid directors \$6,731 (March 31, 2006 - \$7,378) for travel and expense reimbursements relating to investor communication, property investigation, and project management.
- d) During the year period ended March 31, 2007, the Company expensed \$33,691 (March 31, 2006 - \$35,296) 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.

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

For the Three Months Period Ended March 31, 2007

**SUBSEQUENT EVENTS****San Enrique Updates**

On May 2, 2007, the Company announced the following updates to the San Enrique molybdenum-copper-gold-silver exploration project:

TCM continues to explore the San Enrique project, located south of the Santa Gertrudis property in Sonora, Mexico which it has under option from Sonora Gold. TCM has confirmed in their recent summary reports that the 8,492 hectare San Enrique molybdenum-copper-gold-silver option lands retain ample opportunity 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 will continue focusing 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. Work is now underway to complete 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 suggests 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 to begin early June, subject to drill rig availability.

In addition, TCM has been evaluating 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. So far, the results are in sub-economic levels as illustrated in the following list:

SE Hole #04-14 which included 195.1 meters grading 0.041% Cu, 0.022% Mo, and 0.05% Zn.

SE Hole # 05-15 which included 68.2 meters grading 0.201% Cu, 0.074 Mo and 4.4 gpt Ag, including 27.6 meters grading 0.148% Mo, 0.308% Cu, and 6.7 gpt Silver, and 5.3 meters grading 0.454% Mo, 0.92% Cu, and 21.3 gpt silver.

RCSE #2 which intersected 292.6 meters grading 456 ppm Cu and 157 ppm Mo over the entire hole.

RCSE #3 which intersected 207.3 meters grading 460 ppm Cu and 214 ppm Mo over the entire hole.

DSE #5 which intersected 8.5 meters grading 1,834 ppm Cu and 2,675 ppm Mo.

TCM is considering 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.

To date, TCM has expended approximately US\$1 million on the San Enrique Option Lands and has established a preliminary US\$500,000 budget for exploration in 2007. The Company currently has a 100% interest in the San Enrique property which is under option to TCM. TCM may spend US\$3.5 million over 5 years to earn a 60% interest and upon earning that interest, may then elect to earn an additional 10% by spending an additional US\$3.5 million on the San Enrique property.

TCM is the Operator of the San Enrique Option Lands and has reviewed and approved the above disclosure.

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

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**SUBSEQUENT EVENTS – *Continued*****Corporate Update**

On May 18, 2007, the Company announced the appointment of Mr. Ian Klassen to the Company's Board of Directors and welcomes Mr. Robin Forshaw as geological consultant.

Mr. Klassen brings almost twenty years experience in business management, public relations, government affairs and entrepreneurialism to the Company. He has extensive experience in government policy, media relationship strategies, business/government project management and legislative decision-making.

Mr. Klassen currently serves as President of Grande Portage Resources Ltd. (tsx.v: GPG), a Canadian junior resource exploration Company focused on massive sulphide exploration on Vancouver Island, BC. In addition, he is a founding Director of Goldmember Ventures Corp. a privately held company exploring for gold in central British Columbia. Mr. Klassen is an (Honours) B.A. graduate from the University of Western Ontario and is a recipient of the Commemorative Medal for the 125th Anniversary of the Confederation of Canada in recognition of his significant contribution to his community and country.

Mr. Robin Forshaw joins the Company with years of experience in the mineral exploration business. Mr. Forshaw has served as Director for over 15 public companies since 1985, and his experience will be invaluable to the Company's future plans.

Mr. Frank J. Callaghan has resigned from the Board of Directors of the Company due to the demands of his other activities. The Board of Directors thank him for his past contributions to the Company and wish him well in his future endeavors.

In addition, the Company is granting 2.1 million options to Directors, Officers, and Consultants of the Company, exercisable at \$0.10 for a period of two years, subject to regulatory approval.

**Deal Capital Definitive Agreement**

On May 22, 2007 the Company signed a definitive agreement to sell 100% of its 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 May 31, 2007. The transaction is subject to regulatory approval.

**Sonora Gold Corp.**

David McMillan  
President  
May 30, 2007