



Dear Shareholders,

On behalf of the Board of Directors of Plato Gold Corp. I would like to present to you the annual results for Plato Gold Corp. (TSX-V: PGC).

**MANAGEMENT DISCUSSION AND ANALYSIS**  
Annual Report for the year ended December 31, 2005.

This Management Discussion and Analysis ("MDA") of Plato Gold Corp. (the "Company") provides analysis of the Company's financial results for the year ended December 31, 2005. The following information should be read in conjunction with the accompanying audited financial statements.

This MDA includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

**Date of Report**

This report is prepared as of April 24th, 2006

## **Nature of Business**

Plato Gold Corp. (the "Company") is a Canadian junior gold exploration company listed on the TSX Venture Exchange (TSX-V: PGC).

Plato Gold Corp. was formed as a result of a reverse takeover by its predecessor corporation, Plato Gold Corp., of Shatheena Capital Corp., a capital pool company, and the subsequent amalgamation of Plato Gold Corp. and Shatheena Capital Corp.

The comparative figures presented in the MDA and accompanying audited financial statements are the historical results of Plato Gold Corp. Concurrent to the reverse takeover, the Company completed the financing of equity units and flow-through common shares (please see note 2 to the audited financial statements).

The Company is now a public junior gold exploration company with a project in Northern Ontario which includes four properties (Guibord, Harker, Holloway and Marriott) in what is sometimes referred to as the Harker/Holloway gold camp.

Several junior and senior exploration and mining companies are active in this camp located east of Timmins. Plato Gold Corp. is in the early stage of exploring its project in which economically recoverable ore reserves have not yet been defined.

## **Overall Performance**

On the balance sheets, total assets increased to \$1,608,406 compared to \$542,550 as at December 31, 2004. Cash balances, other receivables, and deposits and prepaid expenses increased to \$247,213 compared to \$18,598 at December 31, 2004 as a result of the public financing of Plato Gold Corp. by way of a sale of shares. In addition, the carrying value of the Company's mineral properties and deferred exploration costs increased to \$1,354,732 as at December 31, 2005 compared to \$522,440 at December 31, 2004. Ongoing exploration expenditures resulted in the increased carrying value. The Company plans to embark on an exploration program on its Guibord property during fiscal 2006.

On the liabilities side, accounts payable and accrued liabilities increased to \$316,386 from \$73,388 mainly due to outstanding professional fees and unpaid exploration program expenditures. Amounts due to related parties increased to \$102,537 from \$72,771 during the twelve month period as a major shareholder advanced funds to Plato Gold Corp. to meet its financial commitments prior to the completion of public financing in May 2005.

Shareholders' equity increased to \$1,189,483 from \$396,391 during the period. This was mainly due to share capital increasing to \$2,131,658 from \$662,578 as a result of the public offering (see note 7 to the audited financial statements).

The deficit increased from \$279,815 to \$1,130,578 during the period, mainly because of transaction costs (legal, accounting, auditing and brokerage) associated with the reverse takeover and share issuance costs related to the public offering. As well, the increase in deficit for the year is due to the normal operating expenses for an exploration company with only interest revenue.

### **Selected Annual Information**

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

The following selected financial data for each of the three most recently completed financial years are derived from the audited annual financial statements of Plato Gold Corp., which were prepared in accordance with Canadian generally accepted accounting principles.

<b>For the Years Ended December 31,</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net revenue	7,479	-	-
Loss before discontinued operations and extraordinary items	569,094	104,864	31,806
Loss before discontinued operations and extraordinary items, per share	0.03	0.01	-
Loss before discontinued operations and extraordinary items, per share fully diluted	0.03	0.01	-
Net loss	569,094	104,864	31,806
Net loss, per share	0.03	0.01	-
Net loss, per share fully diluted	0.03	0.01	-
Total assets	1,608,406	542,550	515,584
Total long term liabilities	-	72,771	19,426
Cash dividends	-	-	-

The Company has recorded losses in all of the three most recently completed fiscal years and expects to continue to record losses until such time as an economic resource is identified, developed and brought into profitable commercial operation on one or more of the Company's properties.

## **Results of Operations**

### **Exploration and Development Activities**

Mineral property expenditures during the year totalled \$832,292 compared to expenditures of \$7,818 in the previous fiscal year. These expenditures were mainly funded from the proceeds of the public offering.

### **Guibord – 2005 Program Summary**

Plato's 2005 diamond drill program on the Property consisted of 15 drillholes aggregating 3,192m of drilling conducted between September 7 and December 22. The program was largely based on a program reviewed and sanctioned by Watts, Griffis and McOuat ("WGM") in its 43-101 report completed in 2004. The drill program targeted two previously defined zones of mineralization: the "Quartz Zone", re-named the Quartz-Carbonate Vein Zone (QCVZ) and the "South Zone", discovered and defined by Homestake during its drill program in 1989. Also targeted were several IP anomalies defined by IP surveys completed by Quantec Consulting Inc. ("Quantec") for Plato in 1997.

The 2005 program was encouraging and successful in expanding and improving our understanding of both the QCVZ and the South Zones. The program showed that the QCVZ contains significant widths of semi-continuous quartz-carbonate vein complexes and sulphide mineralization with encouraging gold values. The zone can be reasonably projected over a strike length in excess of 450m and likely in excess of 800m and true widths are up to nearly 70 metres. Drillholes GP-01 and GP-12 were two of the best holes in the program. GP-01 returned an average grade of 2.74 g Au/t from 178.0 to 183.0m over 5m including one, 1 metre sample grading 6.6 g Au/t and two additional samples grading more than 2.6 g Au/t. Drillhole GP-12 drilled 150m east of GP-01 cut the same zone. The 5 metre interval from 137.0 to 142.0m averaged 2.40 g Au/t and contained a best sample of 5.25 g Au/t.

The South Zone is now viewed as a composite zone consisting of a number of distinct lenses and zones of mineralization that are situated in the iron-rich basalts that form the hanging wall above the basalt-ultramafic contact. There appears to be at least three main zones and lenses of mineralization that strike and dip roughly parallel to the volcanic stratigraphy, the basalt-ultramafic contact and syenite dykes. The best 2005 intersection for the South Zone was in GP-01. Immediately under the overburden-bedrock interface GP-01 cut a wide (26.6m) intersection of low grade mineralization. The highest grading sample in this interval returned an average grade of 1.87 g Au/t. The entire 26.6m interval had a composite grade of 0.77 g Au/t.

The drilling of IP anomalies produced mixed results with possible causative sources due to low grade mineralization identified in two holes out of four holes drilled to test these targets.

We are encouraged by the results for the QCVZ and another drilling program targeting this zone is proposed for 2006.

## **Marriott 2005 – Summary**

Plato's 2005 diamond drill program on the Marriott Property consisted of 11 drillholes aggregating 2,858m of drilling. The first drillhole, MP-01, was collared on October 7 and the last hole, MP-11 was completed on December 12. The drill program mainly targeted IP anomalies defined by IP surveys completed by Hemlo Gold Mines Inc., Quantec Consulting Inc., and Abitibi Geophysics Inc. Three drillholes MP-01, MP-07, and MP-10 of the 2005 program returned assay results over 1.0 g Au/t.

MP-01 returned 1.86 g Au/t over 1.0m from 185.3 to 186.3m. This intersection appears to be the extension of a zone intersected by historical Hemlo drillhole GH95-105, located 200m east of MP-01 that closely correlates with an IP anomaly. These two intersections are interpreted to represent a splay fault subsidiary to the Destor-Porcupine Fault Zone. This IP anomaly is completely open to the west.

MP-10 located in the northwest corner of the Property adjacent to the DPFZ, returned 2.4 g Au/t over 1.0m from 211.8 to 212.8m and 5.14 g Au/t over 1.0m from 222.3 to 223.2m. MP-10 also cut a zone of brecciated quartz carbonate veining enveloped by strongly sericitic and strongly pyrite mineralized altered basalt from 269.1 to 274.8m. This zone returned trace gold indicative of weak gold enrichment. A similar alteration zone was intersected in drillhole MP-11 drilled 100m east of MP-10. In MP-11 the zone extended from 331.2 to 335.5m but again gold values were low.

Drillholes MP-02, 03, 07 and 09 targeted a series of IP anomalies coincident with the southern contact of a regional scale magnetic low that crosses through the north central part of the Property. These holes all encountered graphitic sediments within extensive intervals of altered basalt. We interpret the sedimentary-altered basalt sequence as defining the boundary of a distinct volcanic terrane characterized by a regional scale change in lithology and this boundary is likely a fault zone. Despite extensive alteration, including arsenic and tungsten anomalies only one of these drillholes returned an assay approaching 1.0g Au/t. MP-07 intersected 0.96 g Au/t over 0.5m from 91.5 to 92.0m. We think the alteration patterns are similar, albeit less intense to those exhibited by similar mafic rocks associated with Newmont's Lightning Zone at the Holloway Mine. More untested drilling targets are known on the property and further drill testing is proposed.

## **Administration**

During the year ended December 31, 2005, minimal interest income of \$7,479 for the year was offset by administrative expenses, normal operating expenses and costs associated with the reverse takeover, resulting in a loss of \$569,094 for the fiscal year compared to a loss of \$104,864 for the same period last year. The loss per share was \$0.03 basic and \$0.03 fully diluted compared to \$0.01 for last year.

Administrative expenses during the year totalled \$285,359, an increase of \$180,495 compared to \$104,864 for the comparable period in 2004. This represented the full year of operations for the Company (with the period from June 1, 2005 as a publicly traded entity) with the ongoing exploration program. The transfer and filing fees of \$18,593

represents the cost of the share trading activities for the public Company. Professional fees of \$95,568 is reflective of the accrual of expenses for legal, auditing and accounting fees for the period. The Company purchased a director's and officer's liability insurance policy in the previous quarter for total annual costs of approximately \$22,500. This is accounted for as prepaid expenses and expensed monthly. During the year, the Company incurred salaries and benefits for the president and a part-time administration assistant of \$82,895. In 2004, \$500 per month was paid and included in administration. Consulting fees of \$16,917 were incurred during the year with the Company's officers and directors. Stock-based compensation of \$12,784 was recorded for stock options granted to the Company's officers and directors (see note 9 to the audited financial statements for more details).

On the statements of cash flows, cash increased by \$123,155 for the twelve month period mainly due to the public financing offset by deferred exploration costs, reverse takeover transaction costs and share issuance costs. Cash stood at \$126,911 as at December 31, 2005 compared to \$3,756 as at December 31, 2004.

As a junior gold exploration company, cash flow from financing will continue to be an ongoing focus for management. We are maintaining a close watch on market activities as it relates to financing in our sector (see subsequent event note 14 to the audited financial statements).

### Summary of Quarterly Results

The following selected financial data are derived from the unaudited quarterly financial statements of Plato Gold Corp, which were prepared in accordance with Canadian generally accepted accounting principles.

For the Quarters Ended	2005				2004			
	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
	\$	\$	\$	\$	\$	\$	\$	\$
Net revenue	3,679	2,394	1,406	-	-	-	-	-
Loss before discontinued operations and extraordinary items	123,815	104,611	323,790	16,878	26,604	22,446	36,264	19,550
Loss before discontinued operations and extraordinary items, per share	0.01	-	0.02	-	-	-	0.01	-
Loss before discontinued operations and extraordinary items, per share, fully diluted	0.01	-	0.02	-	-	-	0.01	-
Net loss	123,815	104,611	323,790	16,878	26,605	22,445	36,264	19,550
Net loss, per share	0.01	-	0.02	-	-	-	0.01	-
Net loss, per share, fully diluted	0.01	-	0.02	-	-	-	0.01	-

## **Liquidity and Capital Resources**

In management's view, given the nature of the Company's operations, which consist of the exploration of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned exploration expenditures. The Company's financial success will be dependent on the economic viability of the Guibord, Harker, Holloway and Marriott properties and the extent to which it can discover economic gold deposits.

The Company had cash of \$126,911 for its administrative activities as of December 31, 2005 which is sufficient to cover the Company's near term cash requirements, given the Company's current low-cost administrative structure however another financing is required for further exploration activities.

At the time of this writing, there is approximately \$83,000 in cash, plus \$3,000 in GST receivables, available to cover administrative expenses.

As a junior gold exploration company, the Company generates minimal revenue and will have to return to the equity markets in order to secure additional financing. Management is in the process of evaluating financing options for the present fiscal year.

## **Changes in Accounting Policies**

There have been no changes in accounting policies.

## **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, other receivables and accounts payable and accrued liabilities.

Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate their carrying values.

In conducting its business, the principal risks and uncertainties faced by the Company relate to exploration and development success. Exploration for gold involves significant risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

The Company relies on equity financing for its long term working capital requirements and to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

## Outstanding Share Data

### a) Common and Preferred Shares

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2005, the Company had issued and outstanding 22,861,000 common shares with a recorded value of \$2,131,658.

The Company is also authorized to issue an unlimited number of preferred shares without par value, of which none have been issued.

During the year ended December 31, 2005, the Company issued 3,088,000 equity units ("unit") and 3,128,000 flow-through shares at \$0.25 per flow-through share or unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at \$0.35 per share until November 30, 2006.

Subsequent to the year ended December 31, 2005, the Company issued 1,208,330 common shares for proceeds of \$145,000, of which 416,666 shares were issued to a director.

### b) Warrants

As at December 31, 2005, the Company had 1,544,000 warrants outstanding with an exercise price of \$0.35 and a recorded value of \$84,920. These warrants expire on November 30, 2006.

### c) Options

As at December 31, 2005, the Company had an aggregate of 1,777,956 options (including 308,800 options to purchase units) outstanding with a weighted average exercise price of \$0.22 and a recorded value of \$71,836.

As at the date of this report, the following options were outstanding:

Option Price	Number of Options		Weighted Average Remaining Contractual Life
	Unvested	Vested	
\$0.25	-	621,600	1.1 years
\$0.20	-	106,356	2.5 years
\$0.20	1,050,000	-	4.3 years
	1,050,000	727,956	

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet transactions for the year ended December 31, 2005 or the year ended December 31, 2004.

## **Transactions with Related Parties**

During the year ended December 31, 2005 the Company:

- a) incurred rent of \$18,858 (December 31, 2004 - \$10,000) with related companies. The Company and the related companies have an officer in common. This officer is also a director and a shareholder of all three companies.
- b) Capitalized exploration expenditures of \$30,859 (2004 - \$788) were paid by a shareholder on behalf of the Company. Of this amount, \$12,840 was a deposit made during 2004 and \$18,019 was paid during the year ended December 31, 2005. The Company has recognized the shareholder's current period contributions of \$18,019 (2004 - \$13,628) as contributed surplus.
- c) incurred consulting fees of \$14,000 (2004 - \$Nil) with one of the Company's officers.
- d) incurred consulting fees of \$2,917 (2004 - \$Nil) with one of the Company's directors. As at December 31, 2005, accounts payable and accrued liabilities included \$1,250 payable to this director (2004 - \$Nil).
- e) incurred accounting fees of \$50,300 (2004 - \$Nil) with an accounting firm in which an officer is a partner. As at December 31, 2005, accounts payable and accrued liabilities included \$42,380 payable to this accounting firm (2004 - \$Nil).
- f) incurred insurance costs of \$22,529 from a company which has an officer who is a director of the Company.
- g) completed the reverse takeover of Shatheena Corp. as described in note 2 of the audited financial statements.

## **Disclosure Controls**

Pursuant to Multilateral Instrument 52-109 Certification of Disclosures in Issuers' Annual and Interim Filings, management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2005 and found them to meet required standards.

## **Other Risk Factors**

The price of gold, interest rates and inflation all have an impact on the Company's ability to carry on business. Most importantly, as a development stage business, the Company's ability to access capital markets is crucial to its ability to survive.

## **Other Information**

Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), the Company's website [www.platogold.com](http://www.platogold.com) or by contacting the company at 1300 Bay Street, Suite 300, Toronto Ontario M5R 3K8.

Finally, I would again like to thank all of our shareholders for your faith and confidence as we endeavor to explore and discover mineral wealth in Northern Ontario.

Yours truly,

(signed) "Anthony J. Cohen"

Anthony J. Cohen  
President  
April 24, 2006