



Dear Shareholder,

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

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Quarterly Report for the three months ended March 31, 2006

This Management Discussion and Analysis ("MD&A") of Plato Gold Corp. (the "Company") provides analysis of the Company's financial results for the three months ended March 31, 2006. The following information should be read in conjunction with the accompanying unaudited financial statements and the notes to the unaudited financial statements. Neither of these documents nor the MD&A have been reviewed by the Company's Auditors but they are subject to approval by the Company's Board of Directors prior to filing and distribution to the shareholders.

This MD&A 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 May 23, 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 MD&A and accompanying unaudited 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 unaudited 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 decreased to \$1,514,091 compared to \$1,608,406 as at December 31, 2005. The main reason for the decrease is cash balances of \$86,830 and other receivables of \$4,243 compared to cash of \$126,911 and other receivables of \$82,824 as of December 31, 2005. The carrying value of the Company's mineral properties and deferred exploration costs increased to \$1,388,083 as at March 31, 2006 compared to \$1,354,732 at December 31, 2005. Ongoing exploration expenditures resulted in the increased carrying value as the Company continues on its exploration program on its Guibord property.

On the liabilities side, accounts payable and accrued liabilities decreased to \$170,826 from \$316,386 as the Company paid off significant amounts of its outstanding balances for last year's exploration program and professional fees. Amounts due to related parties stayed the same at \$102,537 compared December 31, 2005. These amounts were previously advanced funds to the Company by a major share holder to meet its financial commitments prior to the completion of its public financing.

Shareholders' equity increased to \$1,240,728 from \$1,189,483 during the period. This was mainly due to the deficit decreasing to \$967,103 from \$1,130,578. The reason for the decrease in the deficit was due to the Company's net income during the quarter of \$163,475 as a result of future income tax recoveries of \$266,818.

On the Statements of Operations and Deficits, limited interest income was offset by \$103,793 of expenses compared to no income and \$16,878 of expenses for the same quarter last year.

The main reason for the increase in expenses is due to the increased level of business activities since becoming a public entity on May 30, 2005 and the higher administrative and operating costs normally associated with being a public company.

On the Cash Flow statements, cash used in operating activities of \$36,206 was offset by cash provided by financing activities totalling \$145,000. This was provided by a non-brokered private placement of common shares. Mineral properties and deferred exploration costs used \$148,875 during the quarter for a net change of a decrease of \$40,081 in cash. Cash and cash equivalents stood at \$86,830 as at March 31, 2006 compared to \$2,096 in the same quarter last year.

### **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

During the quarter, the Company examined its drill results from both Guibord and Marriott. The Guibord results were plotted and mapped and sections were printed. From this, we are developing a drill program to be carried out at Guibord later this year as we had some encouraging drill results on the quartz vein zone mineralized structure that we have extended in size through last year's program.

The Company maintains ongoing efforts to expand exploration opportunities.

### Administration

Administrative expenses during the quarter totalled \$103,793, an increase of \$86,915 compared to the same period in 2005. The major areas of increased expenditures were for consulting fees, insurance, professional fees, salaries and benefits, stock-based compensation, and transfer and filing fees. The increase in expenses is reflective of the increased level of business activities and being a public company.

Consulting fees of \$7,250 were incurred during the quarter with the Company's officers and directors. Insurance of \$5,632 represents the amortization on the premium for the directors' and officers' liability insurance policy which was purchased in 2005 at an annual cost of approximately \$22,500. The increase of \$14,238 in professional fees is due to the increase in legal, auditing and accounting fees associated with being a public company. During the quarter, the Company incurred salaries and benefits for the president and a part-time administration assistant of \$32,218. No compensation was paid to the president during the same period in 2005. During the current quarter, stock-based compensation of \$9,588 was recorded for stock options granted to the Company's officers and directors. Transfer and filing fees of \$9,154 were also incurred during the quarter with the Company's share transfer agent and the relevant security and regulatory bodies.

As a junior gold exploration company, cash flow from financing will continue to be an on going focus for management. We are maintaining a close watch on market activities as it relates to financing in our sector.

## Summary of Quarterly Results

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

For the Quarters Ended	2006	2005				2004		
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
	\$	\$	\$	\$	\$	\$	\$	\$
Net revenue	450	3,679	2,394	1,406	-	-	-	-
Income (Loss) before discontinued operations and extraordinary items	163,475	(123,815)	(104,611)	(323,790)	(16,878)	(26,604)	(22,446)	(36,264)
Income (Loss) before discontinued operations and extraordinary items, per share	0.01	(0.01)	-	(0.02)	-	-	-	(0.01)
Income (Loss) before discontinued operations and extraordinary items, per share, fully diluted	0.01	(0.01)	-	(0.02)	-	-	-	(0.01)
Net Income (Loss)	163,475	(123,815)	(104,611)	(323,790)	(16,878)	(26,605)	(22,446)	(36,264)
Net Income (Loss), per share	0.01	(0.01)	-	(0.02)	-	-	-	(0.01)
Net Income (Loss), per share, fully diluted	0.01	(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 \$86,830 for its exploration and administrative activities as of March 31, 2006, which is sufficient to cover the Company's near term cash requirements, given the Company's current low-cost administrative structure.

At the time of this writing, there is approximately \$30,000 in cash, plus GST receivables, available to cover administrative expenses.

As a junior gold exploration company, the Company generates minimal revenue and will need to go back to the equity markets in order to secure additional financing. Management is in the process of evaluating financing options at the present time and

feels it will be able to obtain additional financing to carry on its operations for the remainder of fiscal 2006.

### **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, accounts payable and accrued liabilities and due to related parties.

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, accounts payable and accrued liabilities, and due to related parties 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 the date of this report, the Company has issued and outstanding 24,069,330 common shares with a recorded value of \$2,009,840.

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

During the quarter ended March 31, 2006, the Company issued 1,208,330 common shares for cash proceeds of \$145,000, of which 416,666 shares were issued to a director.

b) Warrants

As at the date of this report, the Company has 1,544,000 warrants outstanding with an exercise price of \$0.35 and a recorded value of \$84,920. These warrants will expire on November 30, 2006.

c) Options

As at March 31, 2006, 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 \$81,424.

As at March 31, 2006, the following options were outstanding:

Option Price	Number of Options		Expiry Date
	Unvested	Vested	
\$0.20	-	106,356	October 24, 2008
\$0.20	1,050,000 <sup>(1)</sup>	-	September 1, 2010
\$0.25	-	621,600	May 30, 2007
	<u>1,050,000</u>	<u>727,956</u>	

<sup>(1)</sup> Subsequent to the quarter ended March 31, 2006, the company amended the vesting terms of the 1,050,000 options that were granted on September 1, 2005. These options are amended to vest over an eighteen month period from the date of grant, with 25% vesting on the date of grant and the remainder vesting every six months in 25% increments.

Subsequent to the quarter ended March 31, 2006, the Company granted 1,050,000 incentive stock options to employees, directors and officers. Each option entitles the holder to purchase one common share of the Company's common stock at a price of \$0.175 per share for five years from the date of grant. 25% of these options are vested at the date of grant and the remainder will vest at the rate of 25% every six months following the date of grant.

### Off-Balance Sheet Arrangements

As at March 31, 2006, the Company has no off-balance sheet arrangements, such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative investment obligations or any investments that could trigger financing, market or credit risk to the company.

## **Transactions with Related Parties**

During the three months ended March 31, 2006, the Company:

- a) incurred rent of \$5,607 with a related company. The Company and the related company have a director and an officer in common.
- b) incurred consulting fees of \$6,000 with one of the Company's officers.
- c) incurred consulting fees of \$1,250 with one of the Company's directors.
- d) incurred accounting fees of \$7,500 with an accounting firm in which one of the Company's officers is a partner.

## **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 non-revenue generating 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) or by contacting the company at 1300 Bay Street, Suite 300, Toronto Ontario M5R 3K8 or on our website at [www.platogold.com](http://www.platogold.com).

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

Yours truly,

(signed) "Anthony J. Cohen"

Anthony J. Cohen  
President  
May 23, 2006