



Dear Shareholder,

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

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Quarterly Report for the nine months ended September 30, 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 and nine months ended September 30, 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 November 16, 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 two projects. The first project is the GHM Gold 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 located east of Timmins.

The second project, Nordeau Gold Project, includes the Nordeau East and Nordeau West gold deposits, and the Bateman East & West sites, in Vauquelin Township near Val d'Or, Quebec.

Several junior and senior exploration and mining companies are active in both locations. Plato Gold Corp. is in the early stage of exploring both projects in which economically recoverable ore reserves have not yet been defined.

## **Overall Performance**

On the balance sheets, total assets increased to \$1,960,948 compared to \$1,608,406 as at December 31, 2005. The main reason for the increase is the acquisition of the Nordeau gold properties. Cash increased to \$203,628 from \$126,911 at December 31, 2005 and other receivables decreased to \$10,547 from \$82,824.

On the liabilities side, accounts payable and accrued liabilities decreased to \$306,848 from \$316,386 slightly as the Company paid off outstanding balances for last year's exploration program and professional fees offset by the current year's exploration program. 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 shareholder and director to meet its financial commitments prior to the completion of its public financing.

Shareholders' equity increased to \$1,551,563 from \$1,189,483 during the period. This was mainly due to increased share capital of \$420,483, increased warrants of

\$73,580 and increased stock options of \$158,347, offset by an increase in the deficit to \$1,420,908 from \$1,130,578. The reason for the increase in the deficit was due to the Company's net loss during the nine months of \$290,330 mainly as a result of stock-based compensation of \$172,957, consulting fees of \$106,350, salaries and benefits of \$104,443, professional fees of \$79,687 and transfer and filing fees of \$28,117 offset by future income tax recoveries of \$266,818.

On the Statements of Operations and Deficits, limited interest income was offset by \$551,917 of expenses compared to \$3,800 of income and \$181,127 of expenses and reverse takeover transaction costs of \$267,952 for the same nine months period 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. In addition, stock-based compensation of \$172,957, consulting fees of \$106,350 and salaries and benefits of \$104,443 contributed to the additional expenses.

On the Cash Flow statements, cash used in operating activities of \$218,193 and cash used in exploration of \$291,361, was offset by cash provided by financing activities totalling \$586,271. This was provided by two non-brokered private placements of common shares and common shares with warrants, and the exercise of options by a director. Mineral properties and deferred exploration costs used \$291,361 during the nine months for a net increase of \$76,717 in cash. Cash and cash equivalents stood at \$203,628 as at September 30, 2006 compared to \$767,430 in the same period 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 on their GHHM Gold Project. 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 or early in 2007 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.

On August 8, 2006 the Company signed an option agreement with Globex Enterprises Inc. to acquire a 100 percent interest in the Nordeau East and Nordeau West gold deposits and adjoining claims in Vauquelin Township, near Val d'Or, Quebec. This acquisition, now named the Nordeau Gold Project, has since been completed and approved by the TSX Venture Exchange.

As part of the agreement, the Company has issued to Globex 1,000,000 Plato shares and \$100,000, with a further \$100,000 due by December 31, 2006. To complete the option in, the Company will pay an additional \$300,000 by December 31, 2007 and spend \$6,000,000 on the project by December 31, 2008. As well, the Company will complete a bankable feasibility study by December 31, 2009. Globex will retain a 2 percent Net Metal Royalty on all mineral production as well as a 10 percent Net Profit Interest after recoup by the Company of \$5,000,000 in direct capital costs.

On September 19, 2006, the Company filed an independent NI 43-101 compliant technical report by Mr. Martin Bourgoïn P.Geo, Plato's consultant, who is a "qualified person" as defined in NI 43-101, and Mr. Jean Castonguay, P.Eng. The reports are available under Plato's SEDAR profile ([www.sedar.com](http://www.sedar.com)) or on our website at ([www.platogold.com](http://www.platogold.com)).

Historically, the Nordeau properties and surrounding area have been the subject of exploration activities since the mid-1940's when gold bearing lenses were found near the former Chimo gold mine which operated for nearly 15 years and produced in excess of 345,000 ounces until closure in late 1996. On the properties, numerous work programs over the years have led to the delineation of gold bearing zones on two of the claim blocks.

Based on the recommendations of the 43-101 report, the Company has launched the first stage of their drilling program this fall with a budget of \$520,965 and 4,500 metres of diamond drilling. The Company intends to maintain ongoing efforts to expand exploration opportunities.

#### Administration

Administrative expenses during the nine months totalled \$551,917, compared to \$181,127 during the same period in 2005. The major areas of increased expenditures were for consulting fees, insurance, 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 \$106,350 were incurred during the period with the Company's officers and directors. No consulting fees were paid to officers, directors and professionals during the first five months in 2005. Insurance of \$18,584 represents the amortization on the premium for the directors' and officers' liability insurance policy which was purchased in 2006 at an annual cost of approximately \$25,900. During the period, the Company incurred salaries and benefits for the president and a part-time administration assistant of \$104,443. No compensation was paid to the president during the first five months in 2005. During the current nine months period, stock-based compensation of \$172,957 was recorded for stock options granted and vested to the Company's officers, directors and employees. Transfer and filing fees of \$28,117 were also incurred during the period 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	
	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31
	\$	\$	\$	\$	\$	\$	\$	\$
Net revenue	563	-	450	3,679	2,394	1,406	-	-
Income (Loss) before discontinued operations and extraordinary items	(155,745)	(298,060)	163,475	(123,815)	(104,611)	(323,790)	(16,878)	(26,604)
Income (Loss) before discontinued operations and extraordinary items, per share	-	(0.02)	0.01	(0.01)	-	(0.02)	-	-
Income (Loss) before discontinued operations and extraordinary items, per share, fully diluted	-	(0.02)	0.01	(0.01)	-	(0.02)	-	-
Net Income (Loss)	(155,745)	(298,060)	163,475	(123,815)	(104,611)	(323,790)	(16,878)	(26,604)
Net Income (Loss), per share	-	(0.02)	0.01	(0.01)	-	(0.02)	-	-
Net Income (Loss), per share, fully diluted	-	(0.02)	0.01	(0.01)	-	(0.02)	-	-

## 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, as well as the Nordeau properties and the extent to which it can discover economic gold deposits.

The Company had cash of \$202,870 for its exploration and administrative activities as of September 30, 2006, which is sufficient to cover the Company's near term cash requirements, given the Company's current low-cost administrative structure.

On August 3, 2006 the Company completed a non-brokered private placement of 4,000,000 units at \$0.10 for aggregate gross proceeds of \$400,000. Each unit was sold for \$0.10 and consists of one common share and one half of one common share purchase warrant. Each full warrant is exercisable to purchase one common share at a price of \$0.15 per common share for up to 18 months from the date of closing. A total of 2,000,000 warrants were issued. As of September 30, 2006, there were 29,275,686 common shares outstanding.

The proceeds from the private placement were used by Plato Gold Corp. for general corporate purposes and for payment and initial geological expenses on its previously announced option of the Nordeau East and Nordeau West gold deposit in Quebec.

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 September 30, 2006, the Company had issued and outstanding 29,275,686 common shares with a recorded value of \$2,552,141.

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

During the nine months ended September 30, 2006, the Company issued 5,208,330 common shares for cash proceeds of \$471,420, of which 1,041,666 shares were issued to two directors. Options for 206,356 common shares were exercised for \$55,881 by a director. One million shares were issued in payment for the Nordeau Gold properties.

b) Warrants

As at September 30, 2006, 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. In addition, the Company has 2,000,000 warrants outstanding with an exercise price of \$0.15 and a recorded value of \$73,580. These warrants will expire on February 2, 2008.

c) Options

As at September 30, 2006, the Company had an aggregate of 2,621,600 options (including 612,600 options to purchase units) outstanding with a weighted average exercise price of \$0.20 and a recorded value of \$230,183.

As at September 30, 2006, the following options were outstanding:

<u>Option Price</u>	<u>Number of Options</u>		<u>Expiry Date</u>
	<u>Unvested</u>	<u>Vested</u>	
\$ .175	787,500	262,500	April 5, 2011
\$0.20	262,500 <sup>(1)</sup>	687,500	September 1, 2010
\$0.25	-	621,600	May 30, 2007
	<u>1,050,000</u>	<u>1,571,600</u>	

<sup>(1)</sup> During the quarter ended June 30, 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.

During the nine months ended September 30, 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 September 30, 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 nine months ended September 30, 2006, the Company:

- a) incurred rent of \$16,875 with a related company. The Company and the related company have a director and an officer in common.
- b) incurred consulting fees of \$102,000 with one of the Company's officers.
- c) incurred consulting fees of \$3,750 with one of the Company's directors.
- d) incurred accounting fees of \$22,500 with an accounting firm in which one of the Company's officers is a partner.
- e) incurred insurance premiums of \$25,904 with a firm in which one of the Company's directors is a senior executive.

### **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.

### **Subsequent Events**

Subsequent to the nine months ended September 30, 2006:

- a) The Company issued 2,916,668 flow through common shares for cash proceeds of \$350,000 pursuant to a private placement. A director acquired 2,250,000 shares and an officer acquired 300,000 shares.

- b) The Company issued 2,083,332 flow-through units for cash proceeds of \$250,000 pursuant to a private placement. Each unit consists of one flow-through common share and one non-flow-through common share purchase warrant. Each warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.20 per share until 1 year from the date of issuance of the units, and \$0.30 per share thereafter until 2 years from the date of the issuance of the units.

In conjunction with this private placement, the Company paid finder's due diligence fees of \$25,000 cash and granted a compensation option to the broker to acquire 208,333 units at a price of \$0.12 per unit until November 3, 2008. Each unit has the same features except that the shares are non-flow-through.

- c) 250,000 of the Company's stock options with an exercise price of \$0.20 were cancelled as a result of a director's resignation.
- d) 150,000 of the Company's stock options with an exercise price of \$0.175 were cancelled as a result of a director's resignation.

### **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 and our newest property in Northern Quebec.

Yours truly,

(signed) "Anthony J. Cohen"  
Anthony J. Cohen  
President  
November 16, 2006