



## **Management Discussion and Analysis**

### **For the three months ended April 30, 2007**

The following management discussion and analysis of the financial position of Mont Blanc Resources Inc. (“Mont Blanc” or the “Company”) and results of operations of the Company should be read in conjunction with the audited financial statements including the notes thereto for the three months ended April 30, 2007. The accompanying financial statements and related notes are presented in accordance with Canadian generally accepted accounting principles. These statements, together with the following management’s discussion and analysis dated June 29, 2007 (“Report Date”), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

#### **Description of Business**

The Company was incorporated on November 23, 1983 under the name Southern Star Resources Ltd. After undergoing several earlier name changes, the company changed its name from Alda Industries Corporation to Crux Industries Inc. on July 14, 1999. The Company requested to be deemed inactive by the TSXV (previously CDNX) on March 19, 1996 to complete a restructuring. On August 12, 2003, the Company was moved to NEX, a new and separate board of TSX Venture Exchange for public companies that are designated "inactive". On March 9, 2004, the Company was re-instated for trading on NEX. At the September 13, 2005 AGM the Company received approval from the shareholders to change its name from Crux Industries Inc. to Mont Blanc Resources Inc. After receiving approval from the TSX Exchange the Company's listing was transferred from NEX to the TSX Venture Exchange, effective April 7, 2006.

The Company is currently actively engaged in a Joint Venture arrangement with Magnum Energy Inc (“Magnum”), exploring oil and gas opportunities within South Eastern Alberta farm-in lands containing multi-zone potential. As at the date hereof, the Company has limited interests in oil and gas properties. The Company presently has no full-time employees and utilizes the services of three consultants. Mont Blanc also uses specialized consultants such as geologists and geophysicists on an “as needed” basis to evaluate potential targets.

The goal of the Company is to create sustainable and profitable growth in production and cash flow. To accomplish this, the Company plans to invest in oil and gas exploration and development prospects through its partnership with Magnum Energy Inc. and other joint venture partners. Mont Blanc will initially focus its efforts on medium and low risk opportunities in Southern Alberta. This area has the advantage of year round access, developed infrastructure, and generally lower capital costs.

In selecting exploration, exploitation and development drilling prospects, management of Mont Blanc will choose those that offer an appropriate combination of risk and economic reward. To achieve sustainable and profitable growth, the Company believes in controlling the timing and costs of its projects whenever possible. To January 31, 2007, Mont Blanc has no oil and gas revenue.



## **Oil and Gas Property-Taber area, Southern Alberta, Canada**

Mont Blanc has entered into a the joint venture arrangement (“Magnum JV”) on January 11, 2006 with respect to 50% of a Farm-out and Overriding Royalty Agreement (“the FORA”) also dated January 11, 2006 to drill a minimum of 6 medium-risk exploration wells in Southern Alberta. Magnum Energy Inc. entered into the FORA with a private Alberta company. The FORA calls for Magnum to pay 100% of the drilling costs of the earning “test wells” to earn a 50% working interest in mineral rights and drilling spacing units as detailed in the FORA. Before payout, Magnum will receive 100% of the production and shall pay the “Farmor” a 15% gross overriding royalty. Following payout, the “Farmor” will have the option to convert its royalty to a 50% working interest.

Pursuant to the terms of the Magnum JV, Mont Blanc has agreed to pay 55% of Magnum’s drilling costs pursuant to the FORA where after Mont Blanc will earn 50% of Magnum’s interest in the FORA properties. Following the effect of both, the FORA and Magnum JV, Magnum will pay 45% of the drilling costs to earn a 25% APO working interest in the properties. Mont Blanc will likewise pay 55% of the drilling costs to earn a 25% APO WI in the properties.

Four of the drilling locations can be considered as medium-risk exploration prospects, one of the locations can be considered as a lower risk exploration prospect, and one of the locations can be considered as a lower risk development prospect. Most of the drilling locations have potential to encounter both oil and gas, and they have been selected using 3D and 2D seismic data in conjunction with detailed geological interpretation. Access to the seismic data was obtained as part of the farm-in agreement.

Targeted primary and secondary zones include the Sawtooth, Lower Mannville, Glauconitic, Upper Mannville and Bow Island in all of the prospects, with shallower potential zones including the Barons, Second White Specks, Medicine Hat and Milk River available for earning in some of the prospects. Most of these prospective zones have been proven productive for oil and/or gas in the immediate area. The deeper wells are expected to TD at ~ 1000 metres and the shallower wells will TD at ~ 700m.

On July 19, 2006 the operator confirmed that three of the Company’s six recently drilled wells have flowed sweet gas at commercially viable rates following initial completion activities. Initial production for the Company from one of the earning “test” wells commenced in December 2006.

Inflow results from the deeper zones that were initially completed in three of the remaining wells were evaluated, and did not indicate commercial production results. The wells were re-completed in the current quarter in uphole zones and thus an additional 3 of the 6 earning wells drilled are in production now that the gas gathering infrastructure is in place. Additional evaluation of seismic features not targeted by the initial round of drilling is ongoing

### Future Developments

The Company and its partners are encouraged by the results to date and expect additional production from future development drilling locations, into the zones established by the exploratory earning wells. Under the terms of its farm-in deal, Mont Blanc has a 50% interest in the six recently drilled farm-in wells (reverting to 25% after payout) and, following completion activities, will have earned a 25% interest in over eight sections (5,120 gross acres) of land. The completion results to date indicate that most of this acreage is prospective for a low risk, multi-well shallow gas development drilling project, in addition to potential deeper, seismically identified exploratory targets.



## ***Operations and Financial Condition***

### Summary of Quarterly Results

	Year Ending 2008	Year Ending 2007	Year Ending 2007	Year Ending 2007
	1st Quarter, April 30, 2007	4th Quarter, January 31, 2007	3rd Quarter, October 31, 2006	2nd Quarter, July 31, 2006
Total Revenue	-	-	-	-
Income (Loss) before Extraordinary Items	\$ (31,158)	\$ (1,055,532)	\$ (38,838)	\$ (48,785)
Net Income (Loss)	\$ (31,158)	\$ (1,055,532)	\$ (38,838)	\$ (48,785)
Basic and Fully Diluted Income (Loss) Per Share	\$(0.01)	\$(0.08)	\$(0.003)	\$(0.003)

	Year Ending 2007	Year Ending 2006	Year Ending 2006	Year Ending 2006
	1st Quarter, April 30, 2006	4th Quarter, January 31, 2006	3rd Quarter, October 31, 2005	2nd Quarter, July 31, 2005
Total Revenue	-	-	-	-
Income (Loss) before Extraordinary Items	\$ (64,199)	\$ (261,963)	\$ 2,777	\$ (38,133)
Net Income (Loss)	\$ (64,199)	\$ (261,963)	\$ 2,777	\$ (38,133)
Basic and Fully Diluted Income (Loss) Per Share	\$(0.01)	\$(0.02)	\$0.001	\$(0.007)

### Discussion of Quarterly Information

#### *Revenues*

Summarized revenue and net income information for the eight most recent quarters are reflected in the chart above. To April 30, 2007, Mont Blanc has no oil and gas revenue. During the year ended January 31, 2007 a pipeline was constructed and Mont Blanc decided not to fund its portion which was approximately \$375,000. Therefore, although production has begun on four of the wells and they are tied into the pipeline, Mont Blanc will not be receiving revenue from those wells until the joint venture partner has recovered the Company's portion of the cost of the pipeline. Other wells are being tested and have not yet begun production.

#### *Expenses*

Cash based general and administrative expenses for the current quarter relate primarily to contract fees paid to suppliers for services relating to general management and for services required in connection with managing the oil and gas property interest as well as the typical expenses incurred in maintaining the public listing.

Cash based general and administrative expenses for the 2007 fiscal year relate primarily to contract fees paid to suppliers for services relating to general management and for services required for regulatory filings in connection with reactivating the company, obtaining financing and managing the oil and gas property interest as well as the typical expenses incurred in maintaining the public listing.



### Discussion of Quarterly Information (continued)

In the quarter ended October 31, 2006 general and administrative expenses were approximately \$10,000 lower than the quarter ended July 31, 2006 mainly due to lower listing expenses and lower promotional and shareholder communication costs. Higher shareholder communication costs in the previous quarter were due to expenses incurred for presentation material for current and prospective shareholders. Listing costs were higher last quarter mainly due to TSX fees relating to various filings.

During Q1, Q2 and Q3 of the year ending January 31, 2007 general and administration was approximately \$53,000, \$48,000 and 39,000 respectively. The increase in the last three quarters over the prior year is directly related to the increase in the company's activity with regard to its oil and gas interest, financing activities and shareholder communication. Comparatively, general and administrative expenses (excluding stock based compensation) for each quarter for the year ended January 31, 2006 were approximately Q1-\$23,600, Q2-\$38,000, Q3-\$30,100 and Q4-\$45,800. Management continues to make its best efforts to keep general and administration in line with company activity.

### *Net Income (Loss)*

Net loss in the quarter ended January 31, 2007 was significantly higher than prior quarters due to the write-down of the oil and gas properties of \$1,207,354 based on the ceiling test and the Reserve Report.

In the quarter ended October 31, 2005 a \$26,500 gain on forgiveness of debt by certain creditors, offsetting the total expenses of \$23,700 for a net loss of \$2,380.

### *Other*

During the current quarter ended July 31, 2006, the Company engaged the services of Mr. Lindsay Carswell to oversee Corporate Development and Investor Relations. Mr. Carswell was compensated a total of \$3,000 in the quarter. The services are provided on an as needed basis for up to \$3,000 per month.

In 2007 the Company purchased computer equipment of \$1,956, and incurred approximately \$1,400,500 costs on its oil and gas properties, consisting approximately \$1,151,400 cash payments on the properties, \$234,800 due to Magnum for the Company's share of the expenditures on the properties and \$24,900 professional fees directly related to the joint venture agreements and the properties. The costs were written down to \$192,885 based on the ceiling test and the Reserve Report on the properties. In 2007 the Company also purchased its proportion of well equipment for approximately \$10,900. Except for the purchase of computer equipment at \$2,353 at the end of October 2005, there were no acquisitions of capital assets, properties or any other types of assets in 2006.

There were no legal proceedings of any kind initiated by or against the Company. There were no contingent liabilities and no default under debt or other contractual obligations, other than the ones reported in the Related Party Transactions section below.

There have been no special resolutions passed by shareholders.

There were no financing activities in the current quarter.

Management continues to evaluate the Company's current oil and gas properties and potential operations on the properties, as well as continues to seek and review other opportunities that are well suited for the Company.



### *Related Party transactions*

The following is a summary of amounts owing to directors and/or companies controlled by directors of the Company or companies with common directors which are all unsecured, non-interest bearing and due on demand.

	April 30 2007	Jan 31 2007
Due to a company controlled by a director	\$ 9,363	\$ 15,813
Due to a company controlled by a director	1,991	6,563
Due to a director of the company	7,500	7,500
Due to Magnum, a company with a common director (see Note 4)	264,285	234,829
	<u>\$ 283,139</u>	<u>\$ 264,705</u>

During the three months ended April 30, 2007, the Company incurred the following related party transactions:

- The Company paid \$7,500 (2006: \$7,500) for management services to Mont Blanc Capital Corp.
- The Company paid or accrued \$7,500 (2006: \$5,700) for accounting, consulting and administrative services to Q4 Financial Group Inc.

All the above transactions are considered in the normal course of operations and in management's opinion undertaken with the same terms and conditions as transactions with unrelated parties.

### **Liquidity**

The Company has an accumulated deficit of \$8,056,971 and has a working capital of \$222,832 as at April 30, 2007. For the year ended January 31, 2007 the Company's working capital deficit was \$182,456 and its accumulated deficit was \$8,025,813.

Over the next twelve months, the Company will require substantial working capital to cover additional exploration costs, general and administrative expenses and consultants' fees. The expected sources of the funds are oil and gas revenues and financing by private placement offerings, as well as warrants and option exercises. The Company has incurred significant operating losses and its continued existence is dependent upon its operations' profitability and the continued support of its shareholders.

The financial statements have been prepared on the going concern basis of accounting, which assumes that the Company will continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. A failure to continue as a going-concern would require that stated amounts of assets and liabilities be reflected on a liquidation basis, which will differ from the going-concern basis.

*Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*