

SKYGOLD VENTURES LTD.
Management Discussion & Analysis

FORM 51-102F1

**For the Period Ending
December 31, 2005**

The following management discussion and analysis of the financial position of Skygold Ventures Ltd. (“Skygold” 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 quarter ending December 31, 2005 and the year ending December 31, 2004.

The accompanying audited 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 **May 1, 2006** (“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.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Overall Performance

Skygold Ventures Ltd. is an exploration company. Skygold’s primary focus is to explore and develop mineral properties until the properties become producing mines. Presently, Skygold is exploring and developing a gold property, called the Spanish Mountain property, located in the interior of British Columbia, Canada, about 180 kilometres north of Kamloops. The Company will continue to acquire and explore new properties as opportunities permit.

With the continued interest in the precious and base metal market sectors, the Company has been able to meet its capital obligations and commitments to fund its mineral properties. On August 10, 2005 the Company closed both the brokered and non-brokered private placements arranged in July. The Company issued 2,260,250 flow through shares at a price of \$0.40 per share and 3,673,285 non flow through units at a price of \$0.35 per unit to raise gross proceeds of \$2,189,750. Each non flow through unit consists of one common share and one-half transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years at a price of \$0.50. The Company paid cash commissions of \$64,250 and issued 132,634 commission units (having the same terms as the private placement units) at a deemed price of \$0.35 per unit. The Company also issued 448,594 Agents Warrants pursuant to the agency agreements. The Agent’s Warrants will entitle the holder to purchase one common share for a period of two years from the closing date at an exercise price of \$0.40 in year one and \$0.55 in year two. During the year the Company also issued an additional 6,979,200 shares for the exercise of warrants from previous financing, as well as 140,000 shares for the exercise of directors and employee options, to raise proceeds of \$899,790. The proceeds from these share issuances will be used to finance further exploration on the Spanish Mountain property and for general working capital.

The Company also elected to issue 545,918 common shares valued at \$96,500 for mineral property interests. Five hundred (500,000) of the common shares were issued to Wildrose Resources Ltd., the Company’s joint venture partner in the Spanish Mountain Property, in order to satisfy the obligations of the joint venture and to become fully vested in the Spanish Mountain Project. 305,881 common shares valued at \$75,000 were issued for loan consideration.

Overall Performance (continued)

During the year, the Company completed 7,750 metres of diamond drilling and 3,377 metres of reverse circulation drilling. This program was designed to follow up on the results from the past reverse circulation drill programs that were completed in 2004, and to follow up on the detailed compilation of all the historic data compiled in the first part of this year.

Administrative expenses for the period ending December 31, 2005 were \$581,185 which is considerably higher than the same period in 2004, which was \$139,421 (not including stock-based compensation). Most of the increase is attributable to investor relations, consulting fees, contract wages, and legal fees due to the increased activities of the Company.

Results of Operations

For the year ending December 31, 2005 the Company incurred operating expenditures of \$890,875 compared to \$232,833 during the same period ending December 31, 2004. Most of the increase is attributable to investor relations expenses of \$132,357, consulting fees of \$90,715, interest of \$85,770 and contract and consultants wages of \$78,310 that is mainly attributable to the private placement financing and the work program on the Spanish Mountain property. Further, transfer agent and filing fees of \$35,549, accounting and audits of \$21,750 and legal fees of \$66,934 are largely due to the private placement financing in the third quarter. The largest difference between the two years is the difference in stock-based compensation. In 2004 stock-based compensation was \$93,412 and for the same period in 2005, stock-based compensation is \$309,690.

Exploration expenditures during the year are \$1,359,014, which includes \$117,500 in acquisitions, \$170,336 in assay costs, \$312,036 in geological consulting charges, \$52,054 in camp and field costs, \$22,727 in equipment rentals, \$97,693 in travel and accommodation and \$585,431 in drilling costs. Including previous periods, the Company has spent \$2,204,088 on the Spanish Mountain property.

Subsequent to the period ending December 31, 2005 the Company received proceeds of \$486,110 by issuing 1,580,085 common shares on the exercise of share purchase warrants and \$161,000 by issuing 1,270,000 common shares on the exercise of stock options. The Company also issued 27,633 common shares to satisfy a \$21,000 mineral property option payment. On March 20, 2006 the Company announced that it entered into an agreement with a syndicate of agents led by Pacific International Securities Inc., and Salman Partners Inc. to raise up to \$6,450,000. The Offering consisted of the issuance of up to 2,500,000 flow-through units and up to 2,000,000 non-flow-through units of the Company. The Company also announced a non-brokered private placement of 500,000 flow-through units and up to 2,000,000 non-flow-through units, having the same terms as the FT Units and Units of the Offering, for gross proceeds of up to \$3,450,000. On March 29, 2006 the Company announced that further to the news release of March 20, 2006, the Company agreed to increase the brokered portion of the private placement by up to \$3,558,000 consisting of up to an additional \$1,998,000 in Units and up to an additional \$1,560,000 in Flow-Through Units.

This financing closed on April 19, 2006 and the Company issued 5,480,000 Units at a price of \$1.35 per Unit and 4,040,000 Flow-Through Units at a price \$1.50 per Flow-Through Unit, for gross proceeds of \$13,458,000.

The focus of this year's exploration program will be to extend the current extent of the known gold mineralization at Spanish Mountain, gain a better understanding of the geological setting of the gold mineralization and provide a comparison of the results in the previous reverse circulation drilling

Results of Operations (continued)

programs. The ultimate goal of the program is to put together a geological model that will allow Skygold/Wildrose to begin the process of defining a gold resource at Spanish Mountain.

Spanish Mountain Property, Likely B.C.

Spanish Mountain is located in south-central B.C. near the historic placer mining town of Likely, approximately 15 kilometres northeast of the Mount Polley mine and 30 kilometres north of Wildrose's Woodjam project currently being drilled by Fjordland Exploration Inc. The property covers 161 mineral claims (4,000 hectares) and two placer claims.

The primary objective for the 2006 drilling program is to complete a preliminary assessment of the anomalous trends identified in the 2003, 2004 and 2005 drilling exploration programs. Targets for the 2006 program are being selected on a basis of soil and geophysical surveys completed in 2003 and on mechanical trenching and the drill program completed in 2004 and in particular, the detailed drill program completed in 2005.

While the drilling during the 2005 phase of work has focused on the bulk mineable potential at Spanish Mountain, drilling has also begun to show continuity between high grade mineralization like that intersected in the upper portion of hole #264 (**6.4 metres of 10.8 gpt gold**).

Many of the deeper holes drilled in 2005 intersected more than one zone of gold mineralization. It is still not clear whether this is a result of multiple mineralized zones or structural repetitions of a single zone. In either case it opens up the potential of continuing to intersect additional zones at depth.

Highlights of the latest results received in 2005 within the Main Zone include holes 279 and 310. Hole 279 drilled within the eastern-central portion of the Main Zone intersected two distinct zones averaging **39.50 metres of 1.55 g/t gold and 57.05 metres of 1.21 g/t gold**. This confirms the interpretation of multiple sub-parallel zones which remain open in all directions. Hole RC-310 at the northern end of the Main Zone intersected **116.44 metres of 1.34 g/t gold** to the bottom of the hole including **20.43 metres of 2.28 g/t gold**. This hole represents one of the widest and highest grade gold intercepts on the property and demonstrates the potential for continued expansion of the Main Zone.

Reconnaissance drilling focused on both expanding the Main Zone to the east and west as well as testing new targets. Highlights of this program include holes 282, 283 and 285 which are shown on cross-section 4+20 NE on the Company's website. Holes 282 and 283 intersected 27.03 metres of 1.13 g/t gold and 25.5 metres of 1.04 g/t gold at the tops of the holes. In addition the last 10.00 metres of hole 283 averaged 1.45 g/t gold. These two holes have expanded the favorable corridor of mineralization to the east by 200 metres and again confirm the presence of multiple sub-parallel zones. Hole 285 intersected 20.05 metres of 1.05 g/t gold in the bottom of the hole. This intersection is interpreted to be an extension of lower zone mineralization and is located over 250 metres west of the Main Zone. This hole also intersected 12.10 metres of 1.66 g/t gold further up in the hole which would be interpreted as upper Main Zone mineralization.

Reconnaissance hole RC-314, which tested a target approximately 600 metres west of the Main Zone, intersected wide zones of lower grade mineralization similar to lower grade holes within the Main Zone. This hole demonstrates that main zone style mineralization can exist outside of the currently defined favorable corridor.

Skygold Ventures Ltd. MD&A for the period ending December 31, 2005

Gold mineralization has now been expanded to over 1200 metres north-south, 300 metres east-west and to a depth of 200 metres and remains open in all directions.

Selected Annual Information

The selected consolidated information set out below has been gathered from annual financial statements for the previous three annual periods:

	Revenues \$	Net Income/ (Loss) \$	Earnings (Loss) per share \$	Total Assets \$	Long term debt \$	Cash Dividends \$
2005	-	(814,130)	(0.04)	3,384,734	-	-
2004	-	(231,659)	(0.01)	873,625	-	-
2003	-	(102,369)	(0.01)	646,745	-	-

In 2003, the Company entered into an agreement with Wildrose Resources Ltd. for the acquisition of the Spanish Mountain property. Since then the activity of the Company's operational expenses and exploration costs, has increased. The increase is primarily due to the favourable market conditions which have afforded the Company the ability to raise additional funds. For the fiscal periods ending 2003, 2004 and 2005, the Company raised \$510,220, \$254,737 and \$2,995,426, through private placements, warrant exercises, and exercise of stock options, respectively. As a result, the monies raised have had a significant impact on the growth of the Company's mineral based assets. Increased exploration expenses on the Spanish Mountain property has also transpired into an increase in operational expenses for management support, consulting services and promotional costs.

As the demand for precious and base metal commodities is expected to remain strong through 2006, management of the Company expects the growth of the Company to continue in a similar manner. While exploration expenditures are expected to increase against expenditures in 2005, management will attempt to maintain greater control over its operational expenses.

Summary of Quarterly Results

The selected consolidated information set out below has been gathered from quarterly financial statements for each respective financial period:

	Revenue \$	Income (Loss) \$	Income (Loss) per share \$
December 31, 2005	Nil	(13,750)	0.00
September 30, 2005	Nil	(583,685)	(0.02)
June 30, 2005	Nil	(97,119)	0.00
March 31, 2005	Nil	(119,576)	(0.01)
December 31, 2004	Nil	(108,308)	0.00
September 30, 2004	Nil	(30,277)	0.00
June 30, 2004	Nil	(30,253)	0.00
March 31, 2004	Nil	(62,821)	0.00
December 31, 2003	Nil	(39,156)	0.00

Summary of Quarterly Results (continued)

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects. At the year ending December 31, 2005, the Company was engaged in surface exploration on the Spanish Mountain properties. Additionally, funding activities, coupled with investor relation activities, also increased expenses.

Liquidity

The consolidated financial statements are prepared on a 'going concern' basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2005, the Company had working capital of \$1,192,780 and an accumulated deficit of \$1,730,852. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of the profitable operations.

The Company also has the following outstanding options and warrants:

Security	Number	Exercise Price	Expiry (dd-mm-yy)
Options	670,000	\$0.10	01-04-06
Options	400,000	\$0.12	15-01-07
Options	200,000	\$0.10	23-12-09
Options	200,000	\$0.23	27-01-09
Options	1,000,000	\$0.42	22-07-10
Warrants	750,000	\$0.14	03-03-06
Warrants	1,872,959 (1)	\$0.50	10-08-07
Warrants	448,594	\$0.40/0.50	10-08-06/07

(1) Note: On August 10, 2005, 3,805,918 one-half transferable share purchase warrants were issued. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years at a price of \$0.50. Some of the warrants have been exercised and this amount is what remains

Capital Resources

The Company's primary capital assets are mineral property assets. The company capitalizes all costs related to the mineral properties until the properties are abandoned and written-off.

The Company's mineral property agreements are non-binding and to date, the Company has spent \$2,204,088 including acquisition costs of \$178,500.

Transactions with Related Parties

- (a) The Company paid or accrued \$98,081 (2004 - \$19,700) for administrative and management services, \$798,439 (2004 - nil) for exploration costs, \$30,592 (2004 - \$1,844) for rental of premises, and \$33,735 (2004 - \$12,395) for the reimbursement of general and administrative expenses to companies in which a director is a principal. As at December 31, 2005, \$3,707 (2004 - \$20,325) was owed to one of those companies and \$28,810 has been advanced to one of those companies to cover anticipated future expenditures.

Transactions with Related Parties (continued)

- (b) The Company paid \$581 (2004 - \$9,228) for exploration consulting services to a director of the Company.
- (c) The Company paid \$54,353 (2004 - \$16,341) in legal fees to a firm in which an officer is a principal.

Changes in Accounting Policies including Initial Adoption

Effective January 1, 2004, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants, Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" for accounting for stock-based compensation expense whereby all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock, call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after January 1, 2004, are accounted for using the fair value based method, and are recorded as an expense in the period the stock-based payments are vested or the awards or rights are granted.

The change in accounting for stock based compensation has been adopted on a retroactive basis without restatement of the prior period's loss. An adjustment has been made to the opening deficit balance to record the fair value of those options granted, and which vested, to directors and employees prior to January 1, 2004.

Prior to January 1, 2004, the Company elected not to follow the fair value based method of accounting for stock options granted to directors and employees. No compensation expense was recognized when stock options were granted if the exercise price of the options granted was at market value. Any consideration paid by directors and employees on exercise of stock options or purchase of shares was credited to share capital. Additional disclosure of the effects of accounting for stock-based compensation to directors and employees as compensation expense, using the fair value based method, was disclosed as pro-forma information.

Other Requirements

Additional disclosure of the Company's technical reports, material change reports, news releases, and other information can be obtained on SEDAR.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited

Risks and Uncertainties (continued)

financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously held an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

On Behalf of the Board,
Skygold Ventures Ltd.

"Doug Fulcher"

Doug Fulcher,
President