

ELECTRA GOLD LTD

MANAGEMENT DISCUSSION AND ANALYSIS THREE MONTH PERIOD ENDED MARCH 31, 2007

The following discussion and analysis, prepared as of May 28, 2007, should be read together with the First Quarter financial statements for the three month period ended March 31, 2007 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Overview

The Company is in the resource exploration/development and production business. The Company has leased and acquired mineral rights to properties located near Port Hardy on Vancouver Island and near Powell River. These properties are industrial mineral properties containing cement feedstock materials and Kaolin as well as a strong potential for development of base and precious metal deposits. The company has been continuously shipping product to a Seattle Cement Plant since October 2003.

The company currently trades on the TSX Venture Exchange under the symbol ELT.

The following is a summary of significant events and transactions that occurred during the quarter. Specifically:

A total of 22,828 tonnes were shipped in five barge loads #73 to 78. Barge #78 was shipped on March 6, 2006.

The Company and its major customer entered into a loan agreement dated April 1, 2004 whereby the major customer agreed to establish a secured loan facility to enable the Company to purchase production equipment. All advances bear interest at 8% per annum and are repayable on the basis of \$1.50 per tonne of product purchased by the major customer starting with Load 28 on May 21/05. Two new trucks and 4 axle trailers were purchased in early 2005.

The Company has received, from the Ministry of Mines, a long term permit dated March 13/06 to mine chalky geyserite up to the amount of 249,000 tonnes per year. This permit approves Electra's five-year Mine Plan and Water Mitigation System.

The Company entered into a Letter Agreement dated February 3, 2005 with Lumina Copper Corp. for the exploration development and mining of mineral resources within the North Island Apple Bay Claims. Lumina may earn a 100% in the property by making a total of \$200,000 in cash payments over time to the Company and upon a production decision, paying an additional \$800,000 in cash or shares. The Company retains the right to explore and exploit the property for non-metallic industrial minerals, and in addition, Lumina grants the right to the Company to explore its Hushamu claims for non-metallic industrial minerals. The Company received its second payment from Lumina on February 3, 2006.

Results of Operations

The Company has experienced 14 consecutive quarters of commercial production. The volume of chalky geyserite shipped in the first quarter of 2007 was 27,198.5 tonnes. The first quarter of 2007 had normal revenues as usual since normally cement plants have planned maintenance shut downs in the first quarters of the year and demand for raw materials is lower in the first quarter than for the rest of the year. However, the Seattle Plant held their maintenance shut down in April/May 2007.

Cost of sales in the 2007 period of \$509,647 (December 31, 2006 \$2,056,217) can be compared with the 2006 sales period of \$409,965 (December 31, 2005 \$2,172,687).

Consulting fees in the quarter increased to \$62,725 from \$41,623 as in the same period for 2006 due to the addition of an investor relations program.

Selected Financial Information

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Year Ended December 31,2006	Year Ended December 31, 2005	Year Ended December 31, 2004
	\$	\$	\$		
Revenue	561,252	425,276	2,301,676	2,485,269	1,588,115
Income/(Loss) before discontinued operations	561,252	425,276	2,301,676	N/A	N/A
Net Income/(Loss)	(11,390)	(134,263)	(481,934)	(127,192)	(107,478)
Basic and Diluted Income/(Loss) per share before discontinued operations	0.00	0.00	(0.02)	N/A	N/A
Basic and Diluted Income/(Loss) per share	0.00	0.00	(0.02)	(0.01)	(0.01)
Total Assets	1,432,874	1,430,588	1,445,414	1,522,236	1,082,213
Total Long Term Liabilities	472,580	129,416	315,430	467,773	57,700
Cash Dividends declared per share	-	-	-	-	-

Liquidity & Solvency

The Company has financed its operations to date primarily through the issuance of common shares, exercise of stock options and the sale of chalky geyserrite to cement companies. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to deliver a satisfactory product, raise adequate financing and to lower production costs to realize overall corporate profitability in the future coupled with lower corporate expenses.

	March 31, 2007	March 31, 2006
Working capital (deficiency)	73,873	(436,233)
Net loss	(11,390)	(134,263)

As at March 31, 2007 the Company held \$351,078 in cash assets and had a net loss for the period of \$11,390.

Net cash used for investing activities for the period ended March 31, 2007 was \$45,250 compared to net cash used by investing activities of \$26,800 during the period ended March 31, 2006.

Financing activities used cash of \$21,706 during the period ended March 31, 2007 compared to \$Nil for the period ended March 31, 2006.

Summary of Quarterly Results

	Year Ended December 31,							
	2007	2006				2005		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	561,252	612,346	605,658	658,396	425,276	632,659	588,810	646,948
Net Income/(Loss)	(11,390)	(177,281)	(106,822)	(63,568)	(134,263)	(21,891)	(124,210)	(50,460)
Basic and Diluted Income/(Loss) per share	0.00	(0.01)	0.00	0.00	0.00	(0.01)	(0.01)	(0.01)

Capital Resources

The Company has sufficient funds to meet its operational expenses for 2007 and cover anticipated administrative expenses throughout the year. It will continue to focus on the chalky geysersite production at its PEM100 Quarry site in Port Hardy and lowering administrative expenses. A research and development program at the Lang Bay property is underway and the 1989 Marketing Study is being updated.

Related Party Transactions

The Company paid or accrued management fees of \$33,800 (March 31, 2006 - \$9,000) to officers of the Company. Royalties totaling \$10,879 (March 31, 2006 - \$9,131) and \$5,076 (March 31, 2006 - \$4,102) of general expenses, were paid or accrued to a director of the Company and the President and a company controlled by the President.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Share Data

As at May 28, 2007:

- Authorized share capital: 100,000,000 common shares without par value;
- Shares issued and outstanding: 29,045,513 common shares; Share Capital: \$13,712,772;
- 2,000,000 warrants at an average price of \$0.11 per share, and 1,285,261 stock options at an average price of \$0.10 per share.

Subsequent Events

Results for the core drilling program on the Lang Bay Property were received in early 2007 and an update of the 1989 Marketing Study is being completed.

The high speed, more efficient and safe load-out was completed in early May 2007 and was used to load Barge #79.

New potential customers have expressed interest in the lower cost potential of using the new load-out capabilities.

Barge load #79 was shipped on May 4, 2007 and contained 8,064 tonnes.

A private placement of 1,250,000 flow-through units was closed May 1, 2007 for total proceeds of \$100,000. Each of the common shares had a one year warrant attached which is exercisable at \$0.12.

Outlook

The Company's continuing focus will be on sustained production of chalky geyselite at the PEM100 Quarry in Port Hardy. The possible development of a docking port located on the west side of the island will contribute to the reduction of hauling cost for the product. The Company is also working with its major customer in pricing of the chalky geyselite to facilitate the sharing of administrative costs. Based on results of current production and new product development, the Company remains confident that production will be met for all outstanding orders.

Caution Regarding Forward-looking Information

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company available for view on SEDAR at www.sedar.com.