

ELECTRA GOLD LTD

MANAGEMENT DISCUSSION AND ANALYSIS 9 MONTH PERIOD ENDED SEPTEMBER 30, 2006

The following discussion and analysis, prepared as of November 21, 2005, should be read together with the Third Quarter financial statements for the nine month period ended September 30, 2005 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:

During the third quarter Load #59 to Load #65 were sent to the Seattle Cement Plant of Ash Grove Cement which totaled 31,257.88 tonnes of product.

A private placement of 1,876,667 units was closed on May 4, 2006 for a total proceeds of \$225,200, of which \$210,760 was received by June 30th, 2006 and the balance of \$14,440 on July 10th, 2006.

During the quarter ending September 30th, 2006, 150,000 warrants were exercised at a value of \$15,000 and 30,000 stock options were exercised at a value of \$4,500.

Results of Operations

The Company has experienced 12 consecutive quarters of commercial production. The volume of chalky geyselite shipped in the third quarter was 31,257.88 tonne. The first quarter of 2006 had lower revenues since cement plants normally 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.

Cost of sales in the period were \$537,839 as compared to the quarter ending September 30, 2005: \$588,810.

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Selected Financial Information

| | Nine Months Ended Sept. 30, 2006 | Nine Months Ended Sept. 30, 2005 | Year Ended December 31, 2005 | Year Ended December 31, 2004 | Year Ended December 31, 2003 |
|---|---|---|---|---|---|
| | \$ | \$ | | | |
| Revenue | 1,689,329 | 1,852,857 | 2,485,269 | 1,588,115 | 502,520 |
| Income/(Loss) before discontinued operations | N/A | N/A | N/A | N/A | N/A |
| Net Income/(Loss) | (304,655) | (103,432) | (127,192) | (107,478) | (817,211) |
| Basic and Diluted Income/(Loss) per share before discontinued operations | N/A | N/A | N/A | N/A | N/A |
| Basic and Diluted Income/(Loss) per share | 0.00 | 0.00 | (0.01) | (0.01) | (0.06) |
| Total Assets | 1,413,914 | 1,469,738 | 1,522,236 | 1,082,213 | 765,508 |
| Total Long Term Liabilities | 167,474 | 109,776 | 118,002 | 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 raise adequate financing and to lower production costs to realize profitable operations with much lower corporate expenses.

| | Sept. 30, 2006 | Sept. 30, 2005 |
|------------------------------|-----------------------|-----------------------|
| Working capital (deficiency) | (481,527) | (57,066) |
| Net loss | (13,568,409) | (13,050,113) |

As at Sept. 30, 2006 the Company held \$166,830 of cash in the treasury and net income for the period of (\$106,822)

Net cash used for investing activities for the period ended Sept. 30, 2006 was (\$5,000) compared to net cash used by investing activities of (\$40,700) during the year ended December 31, 2005.

Financing activities provided cash of \$33,939 during the period ended September 30, 2005 compared to \$201,632 for the year ended December 31, 2005.

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Summary of Quarterly Results

| | Year Ended December 31, | | | | | | | |
|--|-------------------------|----------|-----------|----------|-----------|----------|---------|----------|
| | 2006 | | | 2005 | | | | 2004 |
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | 605,658 | 658,935 | 425,276 | 632,659 | 588,810 | 646,948 | 616,852 | 653,500 |
| Net Income/(Loss) | (106,822) | (63,658) | (134,263) | (21,891) | (124,210) | (50,460) | 69,369 | (13,116) |
| Basic and Diluted Income/(Loss) per share | (0.00) | (0.00) | 0.00 | (0.01) | (0.01) | (0.01) | (0.00) | (0.01) |

Capital Resources

The Company has sufficient funds to meet its operational expenses for 2006 and cover anticipated administrative expenses for the remainder of the year. It will continue to focus on the chalky geyserrite production at its PEM100 Quarry site in Port Hardy and lowering administrative expenses.

Related Party Transactions

The Company paid or accrued management fees of \$3,000 (December 31, 2005 - \$35,700) to an officer of the Company. The Company accrued geological fees of \$6,659.35 (December 31, 200 - \$60,700) to the Company's president that were included in deferred exploration costs. Royalties totaling \$12,593.15 (December 31, 2005 - \$75,134) and \$4,219.18 (December 31, 2005 - \$30,057) of general expenses, geological and other property investigation costs were paid or accrued to 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

4. As at September 30, 2006:

- a) Authorized share capital: 100,000,000 common shares without par value;
- b) Shares issued and outstanding: 26,370,511 common shares; Capital stock: \$13,558,064;
- c) 1,775,783 stock options at an average price of \$0.13 per share.

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Subsequent Events

On October 10th, 2006 the Company announced:

1. That J. T. Shearer, M.Sc., P.Geo. & President of Electra Gold Ltd., and a widely acknowledged expert on several industrial minerals, has been invited to present a paper entitled “Cement Raw Materials from the Perspective of a West Coast Producer” at “Industrial Minerals 2006”, the eighteenth Annual Canadian Conference on Markets for Industrial Minerals to be held this year at the Four Seasons Hotel in Vancouver, on October 17-18, 2006. Interested shareholders are encouraged to attend this forum of executives from across North America and abroad of producers, distributors and consumers of industrial minerals.
2. That Load #66 containing 4,725.20 tonnes of chalky geyselite was shipped on October 2, 2006 from its PEM100 Quarry. The Company has shipped a total of 94,371.05 tonnes year to date resulting in a gross revenue of CDN\$1.74 million.
3. That it has received a letter of appreciation from the BC Ministry of Environment (MOE) for its support of the environmental objectives of the Wildlife Habitat Area (for the Queen Charlotte Goshawk) at Norton Point near its PEM100 Quarry.

Outlook

The Company’s continuing focus will be on sustained production of chalky geyselite at the PEM100 Quarry in Port Hardy. The 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.