

ELECTRA GOLD LTD

MANAGEMENT DISCUSSION AND ANALYSIS THREE MONTH PERIOD ENDED MARCH 31, 2005

The following discussion and analysis, prepared as of May 25, 2005, should be read together with the First Quarter financial statements for the three month period ended March 31, 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:

Subsequent to year end \$110,000 Reclamation Bond security was provided by directors, officers and certain associates of these related parties in consideration for the issuance of 176,000 shares, subject to regulatory approval.

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 \$1.00 per tonne of product purchased by the major customer **starting with Load 28 on May 21/05.**

Subsequent to year end a total of \$401,352 was advanced under the loan facility of which \$121,160 was used to complete the purchase of equipment acquired in 2004 which amount is included in accounts payable at December 31, 2004.

In April the Company purchased two special haul trucks at a cost of approximately \$189,000 each in accordance with the loan facility with our main customer.

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.

Results of Operations

The Company experienced four consecutive quarters of increasing commercial production. The volume of chalky geyserite shipped in the fourth quarter was about 32,793.5 tonnes. The first quarter of 2004 had lower revenues since normally cement plants have planned maintenance shut downs in most 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 \$431,981 (December 31, 2004 \$1,521,212) can be compared with the sales period of \$616,852 (December 31, 2004).

Selected Financial Information

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004	Year Ended March 31, 2005	Year Ended December 31, 2003	Year Ended December 31, 2002
	\$	\$			
Revenue	616,852	144,610	1,588,115	502,520	-
Income/(Loss) before discontinued operations	N/A	N/A	N/A	N/A	(109,988)
Net Income/(Loss)	69,369	5,850	(107,478)	(817,211)	805,847
Basic and Diluted Income/(Loss) per share before discontinued operations	N/A	N/A	N/A	N/A	(0.01)
Basic and Diluted Income/(Loss) per share	0.00	0.00	(0.01)	(0.06)	0.13
Total Assets	1,136,119	617,855	1,082,213	765,508	287,853
Total Long Term Liabilities	275,576	-	57,700	-	55,611
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 geysers 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 in the future with much lower corporate expenses.

	March 31, 2005	March 31, 2004
Working capital (deficiency)	(132,156)	(301,406)
Deficit	(12,877,312)	(12,946,681)

As at March 31, 2005 the Company held \$97,782 of cash in treasury and net income for the period of \$98,566.

Net cash used for investing activities for the period ended March 31, 2005 was \$163,766 compared to net cash used by investing activities of \$175,695 during the year ended December 31, 2004.

Financing activities provided cash of \$208,108 during the period ended March 31, 2005 compared to \$258,981 for the year ended December 31, 2004.

Summary of Quarterly Results

	Year Ended December 31,							
	2005	2004				2003		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	616,852	653,500	364,061	455,944	114,610	502,520	-	-
Net Income/(Loss)	69,369	(13,116)	(80,480)	(19,732)	5,850	(611,249)	(108,890)	(67,749)
Basic and Diluted Income/(Loss) per share	0.00	(0.01)	(0.00)	(0.00)	(0.00)	(0.05)	(0.01)	(0.00)

Capital Resources

The Company has sufficient funds to meet its operational expenses for 2005 and cover anticipated administrative expenses throughout the year. It will continue to focus on the chalky geyserite production at its PEM100 Quarry site in Port Hardy and lowering administrative expenses.

Related Party Transactions

The Company paid or accrued management fees of \$7,500 (December 31, 2004 - \$43,700) to an officer of the Company. The Company accrued geological fees of \$4,368 (December 31, 2004 - \$73,800) to the Company's president that were included in deferred exploration costs. Royalties totaling \$9,197 (December 31, 2004 - \$35,621) and \$15,900 (December 31, 2004 - \$14,680) 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 March 31, 2005

- a) Authorized share capital: 100,000,000 common shares without par value;
- b) Shares issued and outstanding: 20,402,583 common shares; Capital stock: \$13,018,421;
- c) 1,750,000 stock options at an average price of \$0.10 per share.

Subsequent Events

On April 10, 2005 an employee, who is also an officer of the Company, exercised 50,000 options at \$0.10.

On April 11, 1,250,000 options were granted to employees of the Company expired.

On May 15, 2005 the Company granted 1,250,000 options to employees of the Company to purchase 1,250 shares at a price of \$0.10 to May 15, 2007.

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.