

**STIKINE GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(FORM 51-102F1)**  
**YEAR ENDED FEBRUARY 28, 2006**

**JUNE 9, 2006**

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

---

*This discussion and analysis should be read in conjunction with the audited financial statements and related notes thereto for the years ended February 28, 2006 and 2005, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.*

**Forward-Looking Information**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Stikine Gold Corporation (the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, amongst other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

**Description of Business and Overview of Operations and Financial Condition**

The Company is engaged in exploration for mineral resources with its primary focus being the Sullivan Deeps Project, a deep diamond-drilling program searching for economic quantities of base and precious metals near Kimberley, British Columbia.

During the year ended February 28, 2006, the Company incurred a loss of \$786,819 and incurred exploration and acquisition costs of \$597,574 (net of tax credits). At February 28, 2006 the Company had cash and cash equivalents of \$218,024 and working capital of \$213,709. While ongoing administrative functions can be funded, the Company will require further funds prior to resuming significant field exploration.

**Selected Annual Financial Results**

	<b>Year Ended February 28, 2006</b>	<b>Year Ended February 28, 2005</b>	<b>Year Ended February 29, 2004</b>
Total revenues	Nil	Nil	Nil
Net income (loss)	(786,819) <sup>1</sup>	(340,234)	(1,468,896) <sup>2</sup>
Net income (loss) per share	(0.03)	(0.02)	(0.15)
Total assets	2,947,217	2,707,338	1,930,875
Total long term debt	Nil	Nil	Nil

Note 1: The loss for the year-ended February 29, 2006 includes a write-off of \$358,226 in resource property costs.

Note 2: The loss for the year-ended February 29, 2004 includes a write-off of \$875,774 in resource property costs.

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

---

**Results of Operations**

*Sullivan Deeps Project Exploration*

By assignment agreement dated October 2, 2003, the Company acquired the right to earn, from Teck Cominco Metals Ltd. ("Teck Cominco", a subsidiary of Teck Cominco Limited), a 50% interest in certain properties located near Kimberley, British Columbia, known as the Sullivan Deeps Project. As consideration for the assignment of the option, the Company reimbursed Mariner Ventures Corporation, a related company, for its net acquisition costs totalling \$51,143.

To earn its 50% interest in the property, the Company is required to complete the following:

	Share Issuances	Expenditures
Upon exchange approval (issued)	100,000	\$ -
On or before January 31, 2005 (incurred)	-	1,500,000
On or before August 31, 2007	-	2,500,000
	<u>100,000</u>	<u>\$ 4,000,000</u>

Upon completion of the earn-in stage, Teck Cominco will have 90 days to elect to become operator and form a joint venture with the Company, or the Company will have the right to earn an additional 20% interest by funding a further \$4 million in exploration expenditures. Teck Cominco will then have the right to participate at the 30% level or to convert to a 1.5% net smelter return, reducible to 1% upon payment of \$2.5 million by the Company.

At February 28, 2006, the Company had recorded expenditures of \$2,672,121 (\$3,063,774 gross of B.C. Mining and Exploration Tax Credits) in connection with the Sullivan Deeps Project including \$103,626 in acquisition costs and the balance deferred exploration costs.

Based on early successes on the first diamond drillhole at the project, "SD1", a second diamond drillhole "SD2", was collared in late January 2005 at a location approximately 1.3 kilometres to the northeast of its first hole, targeting a large-scale geophysical conductor. Through February, March and April of 2005, SD2 continued to intersect the normal progression of stratigraphic, barcode-like markers in the upper part of the Middle Aldridge Formation above 'Sullivan-Time' giving the Company's management further confidence that the geophysical conductor under SD2 would be intersected in the correct stratigraphy. On May 16, 2005, the Company announced that diamond drillhole SD2 at the Sullivan Deeps project reached "Sullivan Time" at a depth of 2,364.8m (7,758 ft) and intersected a 0.8m (2.6 ft) interval of laminated and semi-massive and brecciated sulphides. This disappointingly thin sulphide intersection was comprised primarily of uneconomic pyrrhotite. As pyrrhotite is highly conductive, this thin sulphide interval could account for a portion of the large-scale target conductor observed during down-hole UTEM4 geophysics completed in late 2004 and geophysical work carried out by others in 1996. SD2 was eventually terminated in Lower Aldridge formation rocks at a depth 2,460.0m (8,071 ft).

Wedging operations from SD1 were largely on hold until March of 2005 as the contractor awaited the delivery of replacement drill rods. By the end of April 2005, wedge drilling at "SD1-A" had passed a depth of 2,065m (6,775 ft) after successfully completing two offset wedges with

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

---

a third planned. Unscheduled road repairs and wet conditions prevented further drilling during May 2005 and the wedging program was eventually put on hold indefinitely.

On August 5, 2005, the Company announced that its project manager, Paul Ransom, P.Geo. had concluded that the central part of the Sullivan Deeps target had not been tested by drilling completed to date and that the strata and sulphides intersected in SD1 and SD2 correlate with the east edge and barren sulphide sheet to the east of the Sullivan Mine, respectively. This interpretation suggests that the centre of a new system may exist primarily north and west of the holes drilled by the Company to date and remains consistent with downhole geophysical information collected from both SD1 in late 2004 and from prior work in 1996. That work demonstrates a large-scale geophysical conductor that remains 'open' to the north.

Based on Mr. Ransom's interpretation of the geology and geophysics, a new target area has been located approximately 1,000 m (3,280 feet) north of the SD1 site. Based on the elevation of the site and projection of the Sullivan horizon, an estimated depth to target for a proposed SD3 drill hole is 2,500m (8,200 feet). The Company has announced that Hy-Tech Drilling Ltd. of Smithers, B.C., will carry out the SD3 drill program. Hy-Tech plans to mobilize a diamond drill, equipment and crew to the project in early August, 2006, after the construction of a new access trail to the proposed SD3 site.

*Latin American Exploration*

The Company has grubstaked a prospector to search for, and to subsequently acquire, interests in mineral properties of interest and meeting the Company's criteria in Latin America. Expenses to date include fixed-wing and rotor aircraft, office, room and board, ground transport, communications, claim applications, legal and technical consulting, analysis and labour costs. Certain concessions have been applied for and are being evaluated by the relevant governmental authorities. While management believes it will ultimately be awarded its exploration concessions, acquisition and deferred exploration costs totalling \$358,226 have been written-off during the current fiscal year in accordance with the Company's accounting policies.

*Catalan Copper Acquisition*

In February 2006, the Company acquired the right to earn a 100% interest in the Catalan Copper property, with claims adjacent to the Gibraltar copper molybdenum mine near Williams Lake, in south-central British Columbia. The core mineral claims comprise an area of 3,110 hectares and are located on the eastern boundary of the Gibraltar mine claims. Exploration work in 1970 identified copper-in-soil geochemical anomalies that had no subsequent follow-up work until September, 2005, when a six-line 7,400-metre (24,280-foot) induced polarization (IP) and ground magnetic survey was completed to test specific copper-soil anomalies. That program successfully identified porphyry deposit-scale chargeability and magnetic anomalies, both coincident with the historical copper soil anomalies. Porphyry-copper/molybdenum-style mineralization has also been discovered in float boulders on the property.

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

---

In order to vest its interest in Catalan Copper, the Company must pay a total of C\$160,000 to the vendor as summarized below:

	<u>Cash Payment</u>
Upon signing (paid)	\$ 25,000
On or before August 15, 2006	25,000
On or before February 15, 2007	<u>110,000</u>
	<u>\$ 160,000</u>

The Company must also, at its option complete a diamond drilling program of at least 500 metres before February 15, 2007 to maintain its option in good standing. The Catalan Copper Property is subject to a 1% Net Smelter Return held by the vendor upon commencement of commercial production.

*Operating Expenses and Loss*

During the year ended February 28, 2006, the Company incurred a loss of \$786,819 compared to a loss of \$340,234 during the prior fiscal year. The loss increased significantly in the current year due to non-cash stock based compensation expense of \$278,912 being recognized and the write-off of the acquisition and deferred exploration costs associated with the Company's Latin American initiatives. On a cash-basis, the Company reduced operating costs significantly from the prior year due to its relative inactivity and by reducing its travel and shareholder relations costs.

**Change to Board of Directors**

In November of 2005, the Company accepted the resignation of Dr. Iain Bruce, and appointed Mr. John Baker a director of the company. Mr. Baker is a geologist with over 40 years of experience in the minerals exploration industry, directing significant exploration programs in British Columbia during the 1970s and at various times in Ireland and Alaska, in addition to work in Nevada and Mexico. He has experience on a wide variety of mineral deposit types, including; volcanogenic massive sulphide, sedimentary exhalative, skarns, various porphyry types, epithermal gold/silver and mesothermal deposits. In the late 1980s and 1990s, Mr. Baker was instrumental in directing and managing the growth of JT Thomas Drilling Ltd., a successful international diamond drilling company that was ultimately acquired by Major Drilling Group International Inc. in 1997. Mr. Baker's success in the exploration and diamond drilling industry brings a wealth of experience to the Company.

**Liquidity and Capital Resources**

At February 28, 2006 the Company had cash and cash equivalents of \$218,024 and working capital of \$213,709. While ongoing administrative functions can be funded, the Company will

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

require further funds prior to conducting the proposed SD3 drill program at Sullivan Deeps and initial drilling at the Catalan Copper Project.

**Summary of Quarterly Results**

	<b>Feb. 28, 2006</b>	<b>Nov. 30, 2005</b>	<b>Aug. 31, 2005</b>	<b>May 31, 2005</b>
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(389,663) <sup>1</sup>	21,805 <sup>2</sup>	(80,796)	(338,165) <sup>3</sup>
Net income (loss) per share	(0.01)	0.01	(0.01)	(0.01)
Total assets	2,947,217	3,431,232	3,472,578	3,521,755
Total long term debt	Nil	Nil	Nil	Nil

	<b>Feb. 28, 2005</b>	<b>Nov. 30, 2004</b>	<b>Aug. 31, 2004</b>	<b>May 31, 2004</b>
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(57,581)	(85,599)	(94,621)	(102,433)
Net income (loss) per share	0.00	0.00	(0.01)	(0.01)
Total assets	2,707,338	2,709,191	2,447,801	1,816,876
Total long term debt	Nil	Nil	Nil	Nil

Notes:

- 1) The loss for the quarter ended February 28, 2006 includes a write-off of \$358,226 in resource property costs.
- 2) Significant interest revenues and tax credits on an abandoned property were recognized during the quarter ended November 30, 2005.
- 3) The loss for the quarter ended May 31, 2005 includes non-cash, stock-based-compensation expense of \$265,570.

**Related Party Transactions**

Each of Scott Broughton, David Skerlec, John Mirko, and John Baker either directly or through a wholly owned company, provides consulting or contract services to the Company pursuant to a consulting agreement. Mr. Broughton charges a per diem rate of \$400, and Messrs. Skerlec, Mirko and Baker charge per diem rates of \$350. During the year ended February 28, 2006, related party consulting fees of \$26,200 (2005 - \$59,200) were paid or accrued to the President and CEO. Services provided include general corporate, exploration and acquisition strategy, planning and management, contract negotiations, and investment presentations. During the year ended February 28, 2006 related party consulting fees of \$31,675 (2005 - \$48,650) were paid or accrued to the CFO and Secretary. Services provided include corporate finance initiatives, fund raising, contract negotiations, accounting, office and general management. During the year ended February 28, 2006, per-diem contract fees of \$23,057 (2005 - \$39,100) were paid or accrued to a director or a company controlled by a director and consulting fees of \$350 (2004 - \$5,250) were paid or accrued to another director. During the year ended February 28, 2006, rent costs of \$5,500 (2005 - \$6,000) were paid or accrued to a company with a former director of the Company in common. As at February 28, 2006, accounts payable include \$10,686 payable to related parties (2005 - \$22,245). These amounts were incurred in the ordinary course of business, are non-interest bearing, and without specific repayment terms.

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

***Risks and Uncertainties***

The Company's financial success will be dependent upon the extent to which it can discover mineralization or acquire mineral properties and the economic viability of developing its properties. The Company competes with many companies possessing greater financial resources and technical facilities than itself. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration and development activities will be successful. The development of mineral resources involves many risks in which even a combination of experience, knowledge and careful evaluation may not be able to overcome. All of the Company's short to medium term operating and exploration cash flow must be derived from external financing. Actual funding may vary from what is planned due to a number of factors including the progress of exploration and development on its current properties. Should changes in equity market conditions prevent the Company from obtaining additional external financing, the Company will need to review its exploration property holdings to prioritize project expenditures based on funding availability.

**Outstanding Share Data**

Authorized: 100,000,000 common shares without par value	Number	Amount
<b>Balance as at February 29, 2004</b>	20,513,817	\$ 3,087,090
Issued for cash:		
Exercise of Warrants at \$0.25	2,525,000	631,250
Exercise of Agent Warrants at \$0.25	201,850	50,462
Exercise of Agent Warrants at \$0.35	358,750	125,562
Exercise of Stock Options at \$0.25	150,000	37,500
Exercise of Stock options at \$0.35	150,000	52,500
Fair Value of stock options exercised	-	59,816
<b>Balance as at February 28, 2005</b>	23,899,417	\$ 4,044,180
Issued for cash:		
Private Placement at \$0.45	2,000,000	900,000
Exercise of Warrants at \$0.25	416,000	104,000
Exercise of Agent Warrants at \$0.25	105,500	26,375
Share Issuance Costs	-	(62,858)
<b>Balance as at February 28, 2006</b>	26,420,917	\$ 5,011,697
Issued for cash:		
Exercise of Warrants at \$0.20	522,000	104,400
Issued for Huskie Uranium property	1,225,000	441,000
<b>Balance as at June 9, 2006</b>	28,167,917	\$ 5,557,097

During the year ended February 28, 2006, the Company completed a private placement of 2,000,000 units, each unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share until April 20, 2006 for \$0.55. Cash fees totalling \$57,394 were paid and 159,428 warrants issued in connection with this offering, the warrants having the same terms as those issued to the private places.

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

---

Directors and Officers of the Company purchased a total of 1,062,223 units of the total 2,000,000.

During the year, a total of 416,000 Warrants exercisable at \$0.25 per share were exercised for proceeds of \$104,000 and 105,500 Agent Warrants exercisable at \$0.25 per share were exercised for proceeds of \$26,375.

Subsequent to year-end, the 1,000,000 warrants to expire on April 20, 2006, were extended until April 20, 2007 and 522,000 of the warrants had the exercise price reduced to \$0.20 per share from \$0.55 per share. All 522,000 warrants exercisable at \$0.20 were later exercised resulting in gross proceeds of \$104,400 to the Company. There remains outstanding, 478,000 warrants exercisable until April 20, 2007 at a price of \$0.55, all held by Directors of the Company.

Also subsequent to year-end, the Company purchased a 100% interest in the Huskie Uranium Property by issuing 1,225,000 common shares to the vendor at a price of \$0.36.

As at February 28, 2006 and at the day of this report, 621,500 shares are held in escrow, to be released on July 31, 2006.

As at February 28, 2006, the following share purchase warrants were outstanding:

	Number	Price per Share	Expiry Date
Agent Warrants	159,428	\$ 0.55	April 20, 2006
Warrants	1,000,000	\$ 0.55	April 20, 2006

Subsequent to year-end, all warrants expiring on April 20, 2006, were extended until April 20, 2007 and 522,000 of the warrants had the exercise price reduced to \$0.20 per share from \$0.55 per share.

All 522,000 warrants exercisable at \$0.20 were later exercised and the 159,428 Agent Warrants expired unexercised on April 20, 2006. As at the date of this report, the following share purchase warrants were outstanding, all held by directors of the Company:

	Number	Price per Share	Expiry Date
Warrants	478,000	\$ 0.55	April 20, 2007

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

During the year, the Company granted 630,000 incentive stock options to purchase up to 630,000 common shares of the Company at a price of \$0.55 per share for a period of five years, expiring on March 4, 2010. 490,000 of these options are held by directors of the Company.

At the company's Annual and Special General Meeting held in July, disinterested shareholders voted to amend the exercise price of all outstanding stock options granted prior to March, 2005, to a price of \$0.10 per share. The repricing of the stock options is intended to align the exercise price of the options with current market pricing of the Company's common shares. The expiry dates of those options will remain unchanged. During the fourth quarter, 75,000 options expired 30 days following the resignation of a former director of the Company.

A summary of the company's stock options at February 28, 2006 are as follows:

Number at February 28, 2005	Granted	Exercised	Cancelled	Expired	Number at February 28, 2006	Exercise Price Per Share	Expiry
-	630,000	-	-	-	630,000	\$0.55	March 4, 2010
635,000	-	-	-	50,000	585,000	\$0.10 <sup>(1)</sup>	July 31, 2008
250,000	-	-	-	-	250,000	\$0.10 <sup>(1)</sup>	July 31, 2008
340,000	-	-	-	25,000	315,000	\$0.10 <sup>(1)</sup>	Feb. 2, 2009
525,000	-	-	-	-	525,000	\$0.10 <sup>(1)</sup>	Feb. 2, 2009
1,750,000	630,000	-	-	75,000	2,305,000		

Note 1: During the second quarter, all outstanding stock options granted prior to March 2005, were repriced from \$0.35 and \$0.25 per share to \$0.10 per share.

Subsequent to year-end, 200,000 options were granted to a consultant providing investor relations services to the Company, exercisable until March 13, 2011 at a price of \$0.20 per common share. The options vest over a period of 12 months. 100,000 options were granted to a consultant, exercisable at \$0.30 for a period of five years.

A summary of the Company's stock options at the date of this report and changes since year-end is as follows:

Number at February 28, 2006	Granted	Exercised	Cancelled	Expired	Number at June 9, 2006	Exercise Price Per Share	Expiry
630,000	-	-	-	-	630,000	\$0.55	March 4, 2010
585,000	-	-	-	-	585,000	\$0.10	July 31, 2008
250,000	-	-	-	-	250,000	\$0.10	July 31, 2008
315,000	-	-	-	-	315,000	\$0.10	Feb. 2, 2009
525,000	-	-	-	-	525,000	\$0.10	Feb. 2, 2009
-	200,000	-	-	-	200,000	\$0.20	March 13, 2011
-	100,000	-	-	-	100,000	\$0.30	June 1, 2011
2,305,000	300,000	-	-	-	2,605,000		

**STIKINE GOLD CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended February 28, 2006**  
**Dated as of June 9, 2006**

---

**Subsequent Events**

Subsequent to the year-ended February 28, 2006, the Company granted 200,000 incentive stock options to an investor relations consultant to the Company to purchase up to 200,000 common shares of the Company at a price of \$0.20 per share for a period of five years, to vest over a 12 month period. 100,000 incentive stock options were also granted to a consultant, exercisable for 5 years upon payment of \$0.30 per share.

In March 2006, 1,000,000 warrants previously set to expire on April 20, 2006, were extended until April 20, 2007 and 522,000 of the warrants had the exercise price reduced to \$0.20 per share from \$0.55 per share. The amended warrants contained a "forced exercise" provision, such that if the closing price of the common shares exceeds \$0.25 for a period of 10 trading days, then after a seven day period, the holders of the amended warrants have 30 days to exercise their warrants, or they will expire. Subsequent to those amendments, 522,000 warrants exercisable at \$0.20 were exercised for gross proceeds of \$104,400 to the Company. 478,000 warrants remain outstanding, exercisable until April 20, 2007 at a price of \$0.55, all held by directors of the Company.

In May 2006, the Company purchased a 100% interest in the "Huskie Uranium Property", in Northern Saskatchewan. In order to acquire the 100% interest, the Company issued 1,225,000 common shares with a value of \$441,000 to the vendor on May 16, 2006. The property is subject to a 2.5% net smelter return held by the vendor upon commencement of commercial production that is reducible to 1% by paying \$3-million.