

Young-Shannon Gold Mines, Limited
Management's Discussion and Analysis for the Third Quarter Ended
September 30, 2006. Dated November 23, 2006

Forward Looking Statements

Except for the historical statements contained herein, this management's discussion and analysis presents "forward-looking statements" within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and other minerals and metals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Young-Shannon Gold Mines, Limited to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to international operations, risks related to the integration of acquisitions; risks related to joint venture operations; actual results of current exploration activities; actual results of current or future reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other minerals and metals; possible variations in ore reserves, grade or recovery rates; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the management and officers of Young-Shannon Gold Mines, Limited believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Young-Shannon Gold Mines, Limited does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Description of Business

The Company is engaged in the exploration and development of two mineral properties in the region of Sudbury, Ontario, Canada.

The Chester gold property in Chester Township, Ontario, is situated some 121 kilometres south-southwest of Timmins, and 162 kilometres north-northwest of Sudbury. The Chester project is composed of eleven patented, contiguous mining claims, and since January 1997 the Company has acquired eighteen unpatented mining claims. Considerable exploration work has been done on the Chester Township property to date, consisting of mapping, geophysics, drilling, trenching, shaft sinking and assaying have yielded significant results, which require further exploration efforts.

On October 25, 2004 the Company optioned the McMillan gold project, which is located 75 kilometers southwest of the Greater City of Sudbury in Mongowin and McKinnon Townships. The Company has optioned 26 claims, which include the former producing McMillan gold mine. The option, from MBMI Resources Inc., gives Young-Shannon the right to earn up to a 60% interest in the former gold producer. The terms of the option, are as follows to earn a 50% interest:

	Cash	Common Shares	Work Commitment
Upon signing (paid)	\$ 10,000	150,000	-
1 st Anniversary (paid)	15,000	150,000	200,000
2 nd Anniversary	20,000	150,000	300,000
3 rd Anniversary	30,000	200,000	400,000
	\$ 75,000	650,000	900,000

After the 3rd Anniversary, Young-Shannon will have the option to increase its interest to 60% by spending an additional \$400,000 on the McMillan property and issuing an additional 250,000 shares to MBMI Resources Inc. Upon the exercise of the Option, Young-Shannon and MBMI will be deemed to have formed a Joint Venture.

Financial Highlights

The following table includes selected financial information for the past three years prepared in accordance with Canadian generally accepted accounting principles:

Years ended December 31,	2005	2004	2003
		As Restated	As Restated
Revenues	\$ -	\$ -	\$ -
Interest income	2,558	13	-
Net income loss	(226,287)	(47,711)	(77,591)
Basic and diluted income loss per share	(0.01)	-	(0.01)
Total assets	3,746,216	3,730,977	2,774,988
Long-term liabilities – future income tax liabilities	309,218	415,778	-
Dividends	-	-	-

The Company had a net loss of \$226,287 in 2005 compared to a loss of \$47,711 in 2004 due mainly to the write-off of La Cucharas property in Mexico and more overhead and administrative expenses.

Restatement of Financial Statements

- a) Effective January 1, 2004, the Company adopted the new accounting standard for stock-based compensation CICA Handbook Section 3870, under which the Company expenses the fair value of stock options granted to employees and directors during the period. Accordingly, compensation expense was recorded for options granted prior to 2004 on a retroactive basis to deficit. The result of this change is shown in column "A" of the table.
- b) The future income tax liability on the difference between the tax value and the carrying value of the deferred mineral property expenditures was not recorded in the prior year's financial statements. Consequently, a prior period adjustment has been made to reflect the future income tax liability in accordance with CICA Handbook Section 3465, "Income Taxes". The results of the correction are shown in column "B".

As a result of the above, the financial statements have been restated as follows:

	<u>As Previously Reported</u>	<u>A</u>	<u>B</u>	<u>As Restated</u>
2003 Financial Statements:				
- Deficit, balance at December 31, 2003	\$ (1,068,448)	\$ (38,054)	\$ 322,476	\$ (784,026)
- Capital stock	3,786,958	-	(551,044)	3,235,914
2004 Financial Statements:				
- Deficit, balance at December 31, 2004	(967,003)	-	135,266	(831,737)
- Capital stock	4,496,185	-	(551,044)	3,945,141
- Future income tax expense (recovered)	(283,802)	-	187,210	(96,592)
- Future income tax liability	-	-	(415,778)	(415,778)

Results of Operations: Chester Property

Preliminary results from the Phase 1 drilling carried out in July 2004, showed gold values in every hole. Phase 1 drilling consisted of six holes totaling 5,120 feet targeting the historic C Prime gold deposit. Certain gold intersections were expanded and include gold intersections such as 28.13 grams per tonne across 10 feet and 3.92 grams per tonne across 45 feet.

The gold values are related to single and multiple quartz veins containing free gold, chalcopyrite, pyrite, tellurides, molybdenum, galena and specularite. The gold mineralization also extends into the adjacent wallrock for variable distances associated with disseminated sulfide mineralization. Host rocks include both trondhjemites and diorites cut by regional east-west and northwest-trending shear systems. The C Prime deposit lies at the intersection of two shear systems and dips southward at 47 °. Previous drilling defined the deposit for 900 feet along strike and along the dip for 400 feet. Phase 1 drilling has extended the C Prime Deposit for another 200 feet down-dip, where it remains open. Additional sampling of the Phase 1 drill core extended the identified gold intersections to their full width. This included mineralization which continued well into the surrounding wall rock. These assay results provided the basis for the Phase 2 drilling program.

Phase 2 drilling on the C Prime deposit was completed at the end of the first quarter, 2005. A total of 1,295 metres (4,247 ft.) was cored over five drill holes. Four of these holes were drilled immediately east along strike from the Phase 1 drilling and resulted in extending the C Prime zone approximately 53 metres (175 ft) down dip. Host rocks were similar to previous drilling on the C Prime zone, that is, trondhjemites and minor dorites which show varying degrees of alteration typically expressed as sericitization and silicification. Shearing is present throughout. Also, noteworthy is that sulphide mineralization, generally comprising pyrite, pyrrhotite, and minor chalcopyrite, is disseminated through the drill core from trace amounts to 3 percent.

En echelon quartz and quartz-carbonate veining with widths varying from centimeter to metre scale is present throughout the core. Mineralization noted was pyrite, pyrrhotite, chalcopyrite, molybdenum, and iron oxides.

The fifth hole on the Phase 2 drilling was completed on the western end of the C Zone approximately 122 metres (400 ft.) west of the old mine shaft. Lithologies intersected here were an alternating sequence of granodiorites, trondhjemites, gabbros, and ultramafics. Disseminated sulphides, typically pyrite, pyrrhotite, and chalcopyrite, are present throughout the drill core which range in concentrations from trace to 3 percent. Shearing of the rocks occurs throughout the core as does quartz and quartz-carbonate veining. These veins tend to carry pyrite, pyrrhotite, chalcopyrite, molybdenum, and hematite mineralization.

Drill assays results extended the C-Prime deposit approximately 42 metres (138 ft.) down dip. The best gold intersections included 16.65 grams per tonne over 1.05 metres, which included visible gold, 12.45 grams per tonne over 1.2 metres, 8.4 grams per tonne over 0.8 metres, 9.22 grams per tonne over 0.5 metres, and 34.18 grams per tonne over 0.3 metres.

Phase 2 drilling on the C-Prime deposit has confirmed the continuity of gold mineralization from the Phase 1 drilling in 2004 and has extended this to a total down dip depth of approximately 225 metres (738 ft.), where it remains open.

During the month of September, 2005, a down hole IP survey was completed on the Chester Property. Results from the survey, obtained in early October, defined two parallel zones (anomalies) of high conductivity approximately 260 ft. (80 m) apart occurring down dip and parallel to the east-northeast trending C-Zone. These targets will be a high priority focus for future diamond drill testing follow-up.

Results of Operations: McMillan Property

Gold was first discovered on the McMillan claims in the early 1920s. By the late 1920s, a vertical shaft and underground exploration was carried out. A 125 ton per day mill was subsequently built and operated until 1937. The McMillan gold mine produced 60,000 tons of gold ore at a recovered grade of 0.18 ounces per ton for a total of approximately 10,800 recovered ounces of gold. It has a vertical shaft to a depth of approximately 875 feet and workings at several levels. Historical records indicate that the mineralization continued below the 900-foot level. The McMillan mine was dewatered and re-sampled underground in 1985-86. This underground sampling from different stopes and headings ranged from 0.07 to 0.48 ounces per ton gold. Based on these results, a work program was recommended consisting of underground diamond drilling in order to determine the continuity of the mineralized structures, but was never completed due to a lack of funds.

In the spring of 2004, MBMI completed a surface diamond drilling program on the McMillan claims consisting of 1,077 meters in seven holes. The best intersections are listed in the following table:

Summary of 2004 MBMI Resources Inc. Drilling

<u>Hole Number</u>	<u>Interval (Meters)</u>	<u>Intersection (Meters)</u>	<u>AU (g/tonne)</u>	<u>AU (oz/Ton)</u>
MM-1-04	3.13 –3.33	0.20	15.46	0.45
	9.15 –9.69	0.52	13.92	0.40
MM-1B-04	9.90 –14.55	4.65	11.21	0.33
MM-2-04	113.30 –118.30	5.00	9.89	0.28
	137.20 –139.30	2.10	5.79	0.17
MM-3-04	182.75 –193.60	10.85	7.91	0.23

The 2004 drilling extended the known gold mineralization at the McMillan gold mine 120 meters to the east and 20 meters to the west of the previously mined area to define a 400 meter strike length. The gold mineralization remains open along strike in both directions and at depth below the old workings.

The McMillan property is underlain by sediments and minor volcanic flows and pyroclastics of the Gowganda Formation. Gold occurs in quartz and quartz-carbonate veins occurring within sheared argillites.

A drilling campaign designed to test the extent of the new gold zone discovered on the property in the April, 2004 program by MBMI Resources Inc. was begun early in the first quarter of 2005. Five holes totalling 1,485 metres (4,870 ft.) were completed before the drill crew had to be mobilized to the Chester Property.

The first four drill holes were collared from two setups and designed to bracket the new gold zone in MBMI's drill holes MM-2-04 and MM-3-04. Drill hole MM-3-04 reported 7.91 g/t (0.23 oz./t) gold over 10.85 metres; drill hole MM-2-04 (collared from the same location as MM-03-04 with a shallower inclination) intersected the up-dip extension of the gold zone in MM-03-04 (see MBMI's Press Release of May, 12, 2004).

Drill holes MM-05-01 and MM-05-02, from the current campaign, were collared from the same location with inclinations of -50° and -65° respectively, designed to test a 50 ft. *eastward* strike extension of the new gold zone. Drill holes MM-05-03 and MM-05-04 likewise were collared from the same location with inclinations of -50° and 65° respectively and were designed to test a 50 ft. *westward* strike extension of the new gold zone.

Assay results showed that the gold zone continued both east and west along strike from drill holes MM-2-04 and MM-3-04. The western strike extension, in particular, showed that the lower part of the zone found in drill hole MM-03-04 was extended to drill hole MM-05-04 with continued high grades and widths. One intersection averaged 5.52 g/t (0.16 oz./t) gold over 4.05 metres and a second intersection 8.4 metres lower in the hole averaged 11.16 g/t (0.32 oz./t) gold over 4.65 metres, including one section of 22.2 g/t (0.65 oz./t) gold over 1.85 metres.

The fifth drill hole from this current campaign was designed to continue defining the strike, plunge, and rake extensions to gold mineralization previously mined on the property in the mid-1930's. Hole MM-05-05 intersected a high grade zone located approximately 310 ft. (94.5 metres) below the lowest mine workings and at least 75 ft. (23 metres) along strike, which assayed 8.72 g/t (0.25 oz./t) gold over 1.3 metres, including one section of 27.22 g/t (0.79 oz/t) over 0.3 metres.

The drill crew was remobilized to the McMillan property early in the second quarter of 2005, after completion of the drilling campaign on the Chester Property, to complete the drilling campaign originally defined for the property for the first half of 2005. Five diamond drill holes, totalling 1,038 metres (3,401 ft.) were completed during this campaign.

Assay results showed that the gold zone continued westward along strike from diamond drill holes MM-2-04 and MM-3-04 completed by MBMI Resources Inc. during the summer of 2004 and diamond drill holes MM-05-03 and MM-05-04 completed by Young-Shannon in January and February of 2005 (see Young-Shannon's Press Release of March 8, 2005). Diamond drill hole MM-05-6 from the second quarter campaign, collared 15 metres (50 ft.) west of diamond drill holes MM-05-03 and MM-05-04, intersected a zone averaging 7.30 g/t gold over 7.25 metres, including one section of 38.81 g/t over 1.00 metres, and a second section of 9.12 g/t over 1.00 metres.

Diamond drill holes MM-05-03 and MM-05-04 from the January-February, 2005 campaign were collared 15 metres (50 ft.) west of the original high grade gold discovery in holes MM-2-04 and MM-3-04 by MBMI.

Drill hole MM-05-10, collared to test a 40 metre (131 ft.) down dip extension of high grade gold in drill hole MM-05-04, intersected 6 zones of quartz-carbonate veining with thicknesses ranging between 0.30 and 0.75 metres in width carrying gold grades from 1.19 to 5.59 g/t. This zone of veining comprises a down hole width of about 48 metres (157 ft.). It is this zone of shearing and silica (quartz) flooding that is host to the high grade gold mineralization.

The juxtaposition of the high grade gold intersections in drill core from both Young-Shannon's drilling as well as MBMI's drilling inferred, at this time, a steep plunge to the gold zone.

Drill hole MM-05-07 was selected to test a down dip and rake extension to the old McMillan Mine underground workings from 1930's. The hole was terminated at 117 metres (384 ft.) when it unfortunately broke through into an old drift. However, the final 0.5 metres of core intersected quartz veined sheared argillites which assayed 13.78 g/t gold .

The two remaining holes from the second quarter drilling campaign, MM-05-08, and MM-05-09 were selected to test the down dip extension of gold mineralized surface exposures elsewhere on the property comprising quartz veining in sheared argillites, i.e. lithologies similar to both the high grade gold mineralization at the old McMillan Mine and the new high grade gold zone defined by diamond drill holes MM-02-04, MM-03-04, MM-05-01, -02, -03, 04, -06, and -10.

Drill hole MM-05-08 was collared approximately 50 metres (164 ft.) west along strike from the surface exposure of the old McMillan Mine sub-economic 'A-Zone'. Assay results showed gold mineralization at the expected down dip projection, however the best results were limited to 2.53 g/t over 0.30 metres and 1.73 g/t over 0.60 metres.

Drill hole MM-05-09 was collared approximately 335 metres (1,100 ft.) west of the old McMillan Mine shaft, along the approximate strike (overburden precluded tracing lithologies precisely). Drilling was to test down dip an 11 metres (36 ft.) zone of intense quartz veining on surface. The drilling azimuth was to the south, since all known geology on the property dips steeply to the north.

However, as the hole progressed the dip of the host rock ultimately began to parallel the drilling. The hole was therefore terminated at 117 metres (384 ft.) since it became clear that the zone of interest could not be tested unless the drilling azimuth was reversed.

Highlights of the diamond drilling campaign by Young-Shannon on the McMillan Property for the first two quarters of 2005 are summarized on Press Releases dated March 8 and May 24, 2005 and are available on SEDAR for review.

A distinct geologic feature evident in all drill core from the high grade gold zone being defined on the property at that time was the presence of disseminated pyrite and arsenopyrite. Content of these two sulphides within the gold mineralized zone is commonly 10 – 15%, and locally approaches 25%. Therefore, it was concluded that this zone should be easily mapped by geophysical methodology, specifically, down hole induced polarization (IP). This would provide a vectoring targeting tool for planning Young-Shannon's next round of drilling on the property.

During the month of August, 2005, a down hole IP survey was completed on the McMillan Property. Results of the survey defined a new, wide, and highly conductive geophysical target related to the drilled gold mineralization and approximately 300 metres below surface (see Young-Shannon's Press Release of August 15, 2005).

A diamond drill rig was mobilized to the McMillan Property in early December, 2005 to test the geophysical targets defined by the August, 2005 survey. Drilling was not completed until the end of April, 2006, however, due to technical and logistical problems.

Three diamond drill holes, MM-05-11, MM-05-12, and MM-05-13 totalling 691 metres (2,266 ft.) were completed during this recent campaign.

Diamond drill hole MM-05-11 was collared 40 metres west of drill hole MM-05-08, completed during the winter drilling campaign of 2005. It was selected to test a down hole IP response identified from the geophysical program in 2005. Young-Shannon was interested in finding a westward extension to the historic underground workings of the old McMillan Gold Mine 'A'-Zone. It is noteworthy that although the down hole IP identified a strong east-west trending (parallel to strike) geophysical target at depth, drill core results showed only minor sulphide content -generally less than 1% - at the target depth. Assay results similarly showed uninteresting gold values. It is believed that although the geophysical target was missed, it remains viable. Diamond drill testing of this target is planned for the company's next campaign, however, in a slightly different location from the MM-05-11 collar.

Diamond drill hole MM-05-12 was collared 40 metres west of drill hole MM-05-05, completed during the winter drilling campaign of 2005. It was selected to test a down-hole IP (Induced Polarization), off-hole (from MM-05-05) geophysical response identified from the geophysical program in 2005. It was abandoned, however, after just 38 metres of drilling due to unstable ground conditions, and the drill had to be moved to a new collar location.

Diamond drill hole MM-05-13 was collared 40 metres east of drill hole MM-05-05, completed during the winter drilling campaign of 2005. It was selected to test a down-hole IP (Induced Polarization), off-hole (from MM-05-05) geophysical response identified from the same geophysical program completed during the latter part of 2005.

Assay results from drill core in hole MM-05-13 showed that a zone was intersected which averaged down hole grades and widths of 7.21 g/t gold over 21.3 metres including sections of 8.12 g/t gold over 4.60 metres, and 14.96 g/t gold over 8.60 metres, including 22.65 g/t gold over 4.70 metres, 27.72 g/t gold over 3.10 metres, and 35.70 g/t gold over 2.10 metres.

Highlights of this recent phase of drilling are summarized in the table below:

Hole No.	Interval (metres)	Intersection (metres)	Au (g/tonne)
MM-05-13	403.00-424.30	21.30	7.21
including	409.30-413.90	4.60	8.12
and	419.60-428.20	8.60	14.96
including	419.60-424.30	4.70	22.65
including	419.60-422.70	3.10	27.72
including	420.60-422.70	2.10	35.70
also	426.70-427.70	1.00	19.41

Fire assays by Swastika Laboratories Ltd., Swastika, Ontario. At least 10% of all samples are reassayed. Blanks and standard samples are inserted for quality control and assurance.

This zone, combined with the high grade gold intersected in diamond drill holes MM-05-05 along strike to the west and MM-05-06 along strike to the east, defines a strike length of high grade gold mineralization of at least 400 ft. (122 m), which remains open in all directions.

The gold zone is hosted by intensely sheared, brecciated, and altered argillites and arenites which have been flooded by quartz and quartz-carbonate veining. Sulphides generally comprise less than 10% of the mineralized zone, however, locally, there are bands of semi-massive to massive sulphides up to 35% with thicknesses up to 70 cm. Primarily, sulphides throughout the gold zone are comprised of pyrite and arsenopyrite with minor chalcopyrite and pyrrhotite. However, one 40 cm band of semi-massive pyrrhotite assayed 54.72 g/t. gold.

The qualified person for the Chester and McMillan projects under National Instrument 43-101 is Greg Lipton, P.Geo.

Subsequent Events

On October 12, 2006, the Company announced it had closed a non-brokered private placement of 5,575,000 units at a price of \$0.11 per unit for gross proceeds of \$613,250. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$0.15 per share for a period of 18 months following the closing date of the private placement.

All securities issued in connection with the private placement are subject to a four month plus one day statutory hold period.

A 5% finder's fee comprising 158,750 common shares of the Company was paid to Trilogy Capital Limited and a 5% finder's fee comprising of 87,500 common shares of the Company was paid to VC Group Investments, S.A. A 5% cash commission was paid to Brant Securities Limited in the amount of \$1,375 and to Haywood Securities Inc. in the amount of \$2,200. As of September 30, 2006, \$541,732 had been received for units to be issued in conjunction

with this private placement.

A diamond drill was mobilized onto the McMillan Mine Property during the third week of November with the objective of continuing to define further extensions of the high grade gold values intersected in drill hole MM-05-13 this past spring. A minimum of three diamond drill holes comprising 1,500 metres (4,920 ft.) is planned.

During June, 2006 MBMI Resources Inc. transferred ownership of the McMillan Mine Property to Garson Resources Ltd. The terms of the Option and Joint Venture Agreement between Young-Shannon Gold Mines, Limited and MBMI Resources Inc. were likewise transferred to Garson Resources Ltd. Option cash payments, common share payments, and exploration work commitments, including anniversary dates, remain the same.

Discussion of Financial Position, Operations and Cash Flows

As at September 30, 2006 the Company had working capital of \$593,270 compared to \$126,959 for the year ended December 31, 2005.

The net loss of \$44,846 for the 3 months ended September 30, 2006 decreased by \$124,409 compared to the corresponding period ended September 30, 2005 and is due primarily to the following; decrease of \$49,744 in consulting fees, \$27,250 in stock based compensation, \$14,840 in stock maintenance and exchange fees, \$10,756 in professional fees, \$7,008 in office and administration, \$5,400 in insurance, \$4,500 in rent, \$2,483 in conference expenses, and \$1,715 in travel expense.

The increase of \$360,364 in the Company's cash position from December 31, 2005 was due to the receipt of \$36,000 through the issuance of common shares and \$541,732 for units to be issued in conjunction with a private placement less amounts expended for continued investment in the Company's McMillan and Chester Township properties, coupled with expenses associated with the general administration of the Company.

Liquidity and Capital Resources

The Company's source of liquidity consists primarily of cash flows from proceeds of equity issues. The Company will have to continue to raise funds in order to finance its exploration projects.

Summary of Quarterly Results

	2006	2006	2006	2005	2005	2005	2005	2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	(44,846)	(52,549)	(71,860)	(13,443)	(76,196)	(71,992)	(64,656)	35,045
Basic & Diluted Income per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The Company had a net loss of \$44,846 in the third quarter of fiscal 2006 as a result of the Company's lack of operating revenues and the reoccurring expenses related to general working capital purposes.

Common shares, stock options and warrants are as follows:

Common Shares Outstanding:	25,198,828
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Potential Issuance of Common Shares:

Stock options	1,770,000
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Warrants	1,500,000
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Risks and Uncertainties

The Company is in the development stage and has not determined whether its mineral interests contain economically recoverable ore reserves. The Company's future viability is dependent on the existence of ore reserves and on the ability of the Company to finance its projects.

Market risk is the risk of loss due to adverse changes in metal prices. A period of depressed metal prices may make access to capital more difficult and the Company is dependent on capital markets to fund its exploration and development programs.

New Accounting Pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook Section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments - Recognition and Measurement, and Handbook Section 3865, Hedges. These standards are effective for interim and annual financial statements for the Company's fiscal years beginning October 1, 2006.

Critical Accounting Estimates

The preparation of the Company's financial statements requires management to make certain estimates that affect the amounts reported in the financial statements. The accounting estimates considered to be significant include estimates of the recoverability of mineral interests and stock-based compensation.

The recoverability of the amounts shown for mining interests is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet its obligations under various agreements and the success of future operations or dispositions.

The Company uses a Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data and comparables in the estimate

of future volatilities.

Disclosure of Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at December 31, 2005, the Company's management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Multilateral Instrument 52-109 (Certificate of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and has concluded that such controls and procedures are effective.

Additional Information

Additional information, including quarterly and annual consolidated financial statements, technical reports and other disclosure documents may be found by accessing the Company's website at www.youngshannon.com or the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.