



**Management discussion and analysis of financial results**

**For the third quarter ended  
November 30, 2007**

## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED NOVEMBER 30, 2007**

This interim management discussion and analysis complies with Rule 51-102A of the Canadian Securities Administration regarding continuous disclosure for reporting issuers. It is an addition and supplement to the quarterly financial statements and should be read in conjunction with them and in parallel with the audited financial statements for fiscal years ended February 28, 2007 and 2006, and the annual management report when required. It presents the view of management on current Company activities and financial results, as well as a preview of the activities during the coming months.

### **1.1 Date**

The present management discussion and analysis for the quarter ended November 30, 2007 is prepared as of January 15, 2008.

### **1.2 Nature of activities and overall performance**

The Company's activities consist of carrying out exploration work with the objective of developing deposits of precious and base metals. The Company is concentrating its efforts on the discovery of ore deposits located outside the traditional mining camps. In addition, as a means to achieving its objectives, the Company continues to enter into various typical mining-industry agreements such as claim acquisitions, options to purchase mining rights, and joint-venture agreements.

The Company pursues its exploration activities by using expert consultants and subcontractors. The Company's daily activities fall under the responsibility of its President and CEO and its Vice-President for Finance.

The Company has no operating mines at this time. Its properties are still in the exploration stage and the Company's only income consists of interest and management fees. Its financing is therefore provided by issuing shares from its capital stock.

During the quarter the Company carried out exploration work totalling \$430,857.

The Company incurred a loss of \$12,998 (\$0.0004 per share) for the quarter, compared to \$310,832 (\$0.0141 per share) for the corresponding period in 2006. The difference is explained by write-offs of properties and related work in the amount of \$319,059 for the 2006 period.

### **1.3 Strategy and outlook**

As of January 15, 2008, Exploration Puma is owned as to 25 % by Ressources Appalaches (APP-TSXV). The Company's principal goal is the discovery and development of deposits of precious and base metals.

The Company's near-term objective is the definition of additional resources, on the Nicholas-Denys and Ann's Creek properties, with metallurgical characteristics that could be accepted by the area's existing infrastructures. During the first half of 2007 Exploration Puma focussed its efforts on the silver-lead-zinc deposits at Shaft and Haché because of their strategic location: thirty kilometres from a concentrator specializing in these metals, and a processing plant (smelter) owned by Xstrata.

In the longer term the Company's objective is to confirm the resources reported in 1991 on the Little Stull Lake property, and to improve their quality and quantity, in order to demonstrate the feasibility of a mining operation. Drilling is currently under way on this property.

#### **Nicholas-Denys Property**

In the summer of 2005 Exploration Puma obtained an option from Aurogin Resources Ltd. to acquire 100 % of the polymetallic (Cu-Zn-Pb-Ag-Au) Nicholas Denys property. The Company is the operator for work on this property, located in northeastern New Brunswick. The property comprises 292 contiguous claims with a total area of 53 km<sup>2</sup>; it is located about 20 kilometres from Bathurst and 30 kilometres from the infrastructure of the Brunswick 12 mine and the Belledune smelter.

During the third quarter of 2007, Exploration Puma carried out two short mapping and exploration programs in the eastern part of the property. The work was designed to discover new mineralized showings associated with electromagnetic geophysical anomalies identified by an airborne survey carried out in 2005. No significant result was obtained from this work.

Exploration expenses of \$6,339 were incurred during the quarter. In the light of these results the Company will concentrate its efforts on the drill definition of the Pine Tree and Half Mile mineralized lenses, adjacent to the Haché and Shaft lenses on the Ann's Creek property.

#### **Ann's Creek Property**

This property, optioned from Merton Stewart, adjoins the Nicholas-Denys property and is located on the extension of the lead-zinc-silver-copper-gold structure found at Nicholas-Denys. It was the site of underground mine development during the 1960-1970 period.

The work carried out on the property during the quarter was concentrated on the Haché lens and involved the complete surface stripping of the mineralized lens over an area of 150 metres by 50 metres. Systematic channel sampling was also carried out. A program of 14 short boreholes totalling 800 metres was also initiated on the Haché lens. Results from the samples collected are not yet available.

In total, \$166,779 were spent in exploring the property during the quarter. The near-term objective is to estimate the resources of the Haché lens according to the 43-101 Standard, to ensure that this lens contains enough ore to justify the development of an open-pit mine. Puma controls 100 % of the property rights over 6.9 kilometres of the belt of favourable rocks that contains this mineralization.

### **Little Stull Lake Property**

Puma's exploration work on the property during the quarter consisted of completing Phase 1 of the 3,000-metre drill campaign planned for the property's West zone. Puma has completed ten (10) boreholes totalling 1,500 metres in the 11W zone. The Company has received results from the first nine (9) boreholes under Phase 1 of its drilling program. The two objectives of the drilling were to investigate the gold content over the full thickness of the basalt, and to confirm the presence of gold-rich layers.

All the boreholes intersected the mineralized basalt, which contains an average of three intersections of one metre in length with gold values ranging from 1 to 46 g/t Au. Rich horizons containing 46.0 g/t Au, 15.6 g/t Au, 8.4 g/t Au, and 7.2 g/t Au were also intersected.

After receiving the results from Phase 1 of its drilling program, in which a total of 1,500 metres were drilled in the property's 11W Zone, the Company decided to undertake Phase 2 of the program. This second 1,500-metre campaign targets the 3W Zone, located 800 metres west of the previous work. Previous drilling in this zone intersected grades of 32 g/t Au, 24 g/t Au, 45 g/t Au, and 192 g/t Au over one metre of core.

In total, \$252,554 were expended on this program. The Company's objectives at this property are to define the indicated resources according to the 43-101 Standards, to improve their quality and quantity, and to demonstrate the feasibility of a mining operation.

### **Edmund Property**

This property, located near Little Stull Lake in northeastern Manitoba, is 100% owned by the Company. It is located on the extension of the major fault zone that hosts the gold deposit on the Little Stull Lake property. Puma's exploration work during the quarter was concentrated in the vicinity of Errin Lake. Its objective was the discovery of gold mineralization associated with the Wolf Bay-Stull-Wunnumman shear zone, in the extension of the Little Stull Lake deposit near the geochemical anomalies located by Phelps Dodge in 1999 and 2000. After compilation and plotting of the geochemical anomalies, mapping and exploration work were carried out in September 2007. No significant result was obtained from this work.

In total, \$3,183 were spent in exploring the property during the quarter. The near-term objective is the discovery of extensions of the mineralization found on the Little Stull Lake property, along the major fault zone.

#### **1.4 Effectiveness of Disclosure Procedures and Controls**

The President and Chief Executive Officer and the Vice President of Finance have designed or supervised the design of disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them, particularly during the period in which the annual filings are being prepared. They have also designed or supervised the design of internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles.

The assessment of the effectiveness of disclosure procedures and controls was conducted as of February 28, 2007, by the Company's officers, specifically the President and Chief Executive Officer and the Vice President of Finance, and under their supervision. Based on this assessment, these officers concluded that the Company's disclosure controls and procedures are effective in reasonably ensuring that the material information relating to the Company is made known to them by other members of the Company's staff on a timely basis.

#### **1.5 Operating Results and Cash Position**

For the third quarter, the Company's revenues were limited to income from interest on short-term investments of \$757 compared to \$5,953 for the 2006 period, and project income of \$22,959 compared to \$2,274 for the corresponding period.

As of November 30, 2007, the Company had cash and cash equivalents of \$110,899, a decrease of \$1,046,709 since February 28, 2007, explained by expenditures for mineral properties and related exploration work amounting to \$1,814,128.

As of November 30, 2007, working capital remained positive at \$23,235. However, the Company has committed to carrying out exploration work totalling \$36,738 before January 1<sup>st</sup> 2008. On December 19, 2007 the Company obtained a financing of \$4,541,523, which will enable it to fulfil its undertakings.

#### **1.6 Analysis of General and Administrative Expenses**

General and administrative expenses for the current quarter are essentially the same as those for the same period in 2006. In fact, they total \$42,821 for the third quarter of 2007, versus \$50,171 for the 2006 quarter. For the first three quarters, general and administrative expenses total \$174,882 compared with \$222,934, or a decrease of \$48,081, mainly related to a rationalization of promotional expenses and an increase in the costs attributed to exploration work.

## **1.7 Summary of quarterly results**

This information has been prepared according to generally-accepted Canadian accounting principles, and the specific accounting practices described in the notes to the annual financial statements.

	<b>2007</b>				<b>2006</b>			
	November \$	August \$	May \$	February \$	November \$	August \$	May \$	February \$
Revenue	23,716	32,647	35,253	24,358	8,227	5,090	314	6,496
Net earnings (Net loss)	(12,998)	(52,257)	(6,146)	3,441	(310,832)	(33,820)	(98,811)	61,765
Net earnings (Net loss) per share and diluted per share	(0.0004)	(0.0018)	(0.0002)	0.0001	(0.0141)	(0.0016)	(0.0049)	0.0032

The revenue consists of project and interest earned for each of the quarters. General and administrative expenses have been relatively stable from one quarter to another. The principal changes are explained as follows:

2006 – February: Recorded \$113,922 for future income taxes;

2006 – May: Recorded stock-based compensation in the amount of \$79,037;

2006 – November: Write-off of one property and related exploration costs of \$268,888;

2007 – August: Recorded stock-based compensation in the amount of \$45,425.

## **1.8 Related-Party Transactions**

During the quarter, the Company carried out operations with a company having the same management (Ressources Appalaches Inc.); the costs incurred were as follows:

	<b>2007</b> \$	<b>2006</b> \$
Salaries and fringe benefits	17,349	14,180
Office supplies	900	300
Telecommunications	809	697

The balance owed to this company as of November 30, 2007, is \$11,912 (2006 – \$5,247).

During the quarter, two companies (Géominex Inc. and Forages La Virole Inc.) in which certain directors hold minority interests carried out exploration work in the amount of \$367,437 (2006 - \$85,934) and were paid \$2,140 (2006 - \$2,295) for rental of office space.

The balance payable to these related companies was \$110,033 as of November 30, 2007 (2006 - \$56,457).

These operations occurred in the normal course of business and were recorded at the fair exchange value, which is the amount of the established consideration accepted by the related parties.

### **1.9 Accounting modifications**

The Canadian Institute of Chartered Accountants (CICA) modified section 1506 entitled "Accounting modifications", which now stipulates that a) an entity should only change accounting methods voluntarily if the change results in financial statements that provide reliable and more relevant information, b) accounting method changes must be accompanied by information regarding the figures of the previous periods and the reason for the change, c) in the case of estimation changes, information on the nature of the change and the amount must be provided. On March 1, 2007, the Company adopted these new recommendations, which had no effect on its interim financial statements.

### **1.10 Financial instruments**

The CICA issued new accounting standards related to financial instruments: a) section 1530 "Comprehensive Income", which introduces a new requirement regarding the temporary exclusion of certain types of gains and losses of net earnings, b) section 3855 "Financial Instruments - Recognition and Measurement", which stipulates when an entity must record a financial asset, a financial liability, or a non-financial derivative instrument in its balance sheet and whether the recording of included amounts must be based on the fair value or the costs and also specifies how to present the gains and losses on financial instruments, c) section 3865 "Hedges", which describes when and how hedge accounting can be used. On March 1, 2007, the Company adopted these new recommendations and now considers its temporary investments as financial assets held for trading and records them at the fair value that corresponds to their cost, given their short-term maturity.

### **1.11 Risk and Uncertainty**

The risks that are associated with the Company's activities are the same as those disclosed in the annual management report. Economic and sectoral factors remain mostly unchanged. There was no significant change in the Company's third quarter.

## 1.12 Additional Information

### a) Supplemental information

Certain supplemental information, including prior interim management reports and press releases are available online at [www.sedar.com](http://www.sedar.com) in the documents section or on Puma's Web site at: [www.explorationpuma.com](http://www.explorationpuma.com).

### b) Rule 51-102A section 5.3

Details of deferred exploration expenses for the three and nine months ended November 30, 2007, are presented in the statement of deferred exploration expenses and in supplementary Note 5 within the Company's interim financial statements.

### c) Rule 51-102A-section 5.4

#### ***Information on shares issued, warrants, and stock options as at January 15, 2008:***

Common shares: 39,937,315 common shares were issued and outstanding.

Warrants: Each warrant entitles its bearer to subscribe for one common share of the Company at the indicated exercise price, up to the expiration date.

<b>Broker warrants</b>	<b>Exercise price</b>	<b>Expiration date</b>
204,545	0.33 \$	July 31, 2008
204,545	0.33 \$	December 21, 2008
602,527	0.55 \$	December 19, 2009
272,806	0.45 \$	December 19, 2009

<b>Broker warrants</b>	<b>Exercise price</b>	<b>Expiration date</b>
427,500	0.40 \$	August 16, 2008
2,272,726	0.60 \$	July 31, 2008
1,000,000	0.35 \$	December 19, 2008
2,272,727	0.70 \$	December 21, 2008
437,500	0.45 \$	October 15, 2008
	and at 0.55 \$	October 15, 2009
2,728,056	0.55 \$	December 19, 2009

Stock options: The stock options granted to its directors, members of senior management, employees, and service providers are the following:

500,000 stock options exercisable at a price of \$0.25 per share until July 15, 2008;  
125,000 stock options exercisable at a price of \$0.28 per share until July 31, 2008;  
166,500 stock options exercisable at a price of \$0.18 per share until August 27, 2009;  
675,000 stock options exercisable at a price of \$0.18 per share until April 4, 2011;  
425,000 stock options exercisable at a price of \$0.30 per share until June 19, 2012.

### **1.13 Management's Responsibility for Financial Information**

The quarterly financial statements have been prepared by Management in accordance with generally-accepted Canadian accounting principles and have been approved by the Audit Committee. The financial statements contain certain amounts based on the use of estimates and judgment. The Management has established these amounts in a reasonable manner, to ensure that the financial statements are presented faithfully in all significant respects.

Rimouski, January 15, 2008

On behalf of the Board

(signed) *André Proulx*

André Proulx  
President