

**CONSOLIDATED PUMA MINERALS CORP.**  
**Management's Discussion and Analysis**

*The following discussion of the operating results and financial position of Consolidated Puma Minerals Corp. ("the Company" or "Puma") is prepared as at May 26, 2006 and should be read in conjunction with the unaudited consolidated financial statements and the notes thereto of the Company for the three months ended March 31, 2006. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are expressed in Canadian dollars, unless otherwise stated.*

**RESULTS OF OPERATIONS**

**First Quarter ended March 31, 2006 and 2005**

The Company reported a loss of \$45,100 (\$0.001 per share) for the three months ended March 31, 2006 compared to a loss of \$160,000 (\$0.005 per share) in the first quarter of 2005. During the first quarter of 2006, the Company reported interest income of \$74,400 compared to \$3,200 in the equivalent period of 2005 as a result of higher cash balances. In addition, the Company reported a foreign exchange gain of \$8,500 for the three months ended March 31, 2006 compared to a foreign exchange loss of \$16,700 in the first quarter of 2005. The foreign exchange gain resulted from the continued appreciation of the Canadian dollar relative to the US dollar relating primarily to the note payable to Bema which is denominated in US dollars.

**Summary of Unaudited Quarterly Results:**

	<u>31 Mar 06</u>	<u>31 Dec 05</u>	<u>30 Sept 05</u>	<u>30 Jun 05</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss)	\$ (45,086)	\$ (163,450)	\$ 35,158	\$ (203,199)
Net income (loss) per share – basic and diluted	\$ (0.001)	\$ (0.015)	\$ 0.001	\$ (0.006)
	<u>31 Mar 05</u>	<u>31 Dec 04</u>	<u>30 Sept 04</u>	<u>30 Jun 04</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss)	\$ (159,967)	\$ 52,668	\$ 24,560	\$ (112,352)
Net income (loss) per share – basic and diluted	\$ (0.005)	\$ 0.002	\$ 0.001	\$ (0.004)

*During the reporting periods, the Company reported no discontinued operations or extraordinary items.*

The net income reported in the third quarter of 2004, the fourth quarter of 2004, and the third quarter of 2005 resulted from unrealized foreign exchange gains of \$142,300, \$146,300, and \$172,800, respectively, due to the strengthening of the Canadian dollar vis-à-vis the US dollar. The foreign exchange gains were primarily attributable to the U.S. dollar denominated portion of the notes payable to Bema. The losses incurred in each of the remaining quarters related primarily to general and administrative expenses.

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2006, the Company had cash and cash equivalents of \$8.1 million (December 31, 2005 - \$11.5 million) and a working capital balance of \$7.8 million (December 31, 2005 - \$9 million).

**Operating activities**

Operating activities, after non-cash working capital changes, required funding of \$9,300 and \$218,600 for the three months ended March 31, 2006 and 2005, respectively, primarily due to general and administrative expenditures. The funds required in the current quarter were significantly lower due to interest income of \$74,400 and to an increase in the Company's accounts payable balance.

### ***Financing activities***

On January 9, 2006, the Company repaid \$2,341,000 (US\$2 million) of its notes payable to Bema from the proceeds received from the gross proceeds of the \$12.3 million private placement which closed on December 23, 2005, leaving a balance outstanding of \$1,957,700 at March 31, 2006. The note payable represents advances from Bema, including accrued interest, and bears interest at the prime lending rate plus 2%, payable on demand after March 31, 2007.

During the three months ended March 31, 2005, the Company was advanced \$137,800 by Bema.

On February 22, 2005, the Company issued 129,685 common shares at a value of \$0.96 per share in lieu of a cash payment of US\$100,000 to an arm's length consultant in connection with the acquisition rights to the property. The issuance of these common shares did not result in any additional cash to the Company.

### ***Investing activities***

During the quarter ended March 31, 2006, the Company incurred resource property expenditures (on a cash basis) totalling \$737,000 (2005 - \$838,400) relating primarily to the ongoing drill program on the East Pansky property located in the Kola Peninsula of north-western Russia.

The Company must meet the following remaining terms of its property agreement in order to earn up to a 90% interest in the East Pansky property. The initial 72% interest can be earned by providing to the underlying property vendor:

- US\$500,000 per year in cash or shares (at Puma's election) within 30 days of the issuance of a production license and on the anniversary of such date in each subsequent year until a feasibility study is completed;
- pay upon completion of a feasibility study, in cash or shares (at Puma's election), an amount equal to US\$3 per ounce of recoverable platinum group elements ("PGE") as per the feasibility study, provided such amount shall not exceed US\$9 million and shall not be less than US\$3 million. Payments made under the preceding paragraph are to be deducted from such amounts;
- pay until commencement of commercial production ("CCP") from the property, US\$500,000 in cash or shares (at Puma's election) each year on the anniversary date of the payment referred to in the preceding paragraph until CCP occurs; and
- US\$5 million within 6 months of CCP less the amount of payments made in the preceding paragraph or, alternatively, at the Company's election, US\$3 million less the amount of payments made in the preceding paragraph plus a 2% net smelter return royalty from the property.

Once the above requirements are met, Puma will have earned an effective 72% interest in the East Pansky property and at any time following CCP will have the further right, but not the obligation, to obtain an additional 18% by granting the underlying property vendor a 2% net smelter return royalty interest from the property.

During the three months ended March 31, 2006, the Company made an advance of US\$150,000 to the underlying property vendor, which will be deducted from the next property payment.

## **RISK AND UNCERTAINTIES**

### ***Foreign Countries and Laws and Regulations***

Puma's only asset is located in Russia. Mineral exploration may be affected in varying degrees by political instability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of Puma and may adversely affect its business. Future operations may be affected in varying degrees by governmental regulations with respect to restrictions on access to the mineral rights, production, price controls, income taxes, expropriations of property, environmental legislation and mine safety. The effect of all of these factors cannot be accurately predicted. There can be no assurance that the present administration, or any successor governments, can sustain the timely access to minerals envisaged in the mining laws of Russia, notwithstanding the compliance of Puma.

### ***Exploration and Mining Risks***

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on the property and any exploration programs are an exploratory search for ore. Exploration for platinum group elements involves a high degree of risk.

### ***Metal prices***

Even if Puma's exploration programs are successful, factors beyond the control of Puma may affect the marketability of any minerals discovered. Metal prices have historically fluctuated widely, particularly in recent years, and are affected by factors beyond Puma's control, including inflation, international economic and political trends, currency fluctuations, interest rates, global and regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted and can render any deposit, which is outlined, uneconomic to exploit.

### **OUTLOOK**

The Company's exploration work on the East Pansky PGE property is ongoing. The 2006 drill program (which commenced in January 2006) will consist of 15,000 metres of drilling on the East Chuarvi mineralized zone and three targets along strike. The three targets are as follows: Besimyanyi located 1 kilometre east of East Chuarvi, Churozerski located 3 kilometres east and Chuarvi which is 5 kilometres west of East Chuarvi. All of these targets are located along the 50 kilometre strike length target horizon on the East Pansky property.

The East Chuarvi prospect continues to return high-grade results. Highlights of the initial 2006 drill program results include hole P-455 with 13.95 metres at 5.77 grams per tonne (g/t) PGE+gold, including 6.6 metres at 9.22 g/t PGE+gold, and hole P-454 with 1.5 metres at 6.80 g/t PGE+gold, which is significant as this extends the depth of mineralization 100 metres below any previous drilling. This confirms the continuous nature of the high-grade mineralization encountered to date, within an area of previous drilling.

### **RELATED PARTY TRANSACTIONS**

During the three months ended March 31, 2006 and 2005, the Company had the following transactions and balances with Bema, a company related by way of directors in common:

	<b>2006</b>	<b>2005</b>
<b><i>Statement of Operations</i></b>		
Interest expense on notes payable	\$ 47,701	\$ 50,655
Office and administration	14,603	24,106
Accounting	10,323	16,653
Management fees	7,500	7,500
Rent and utilities	7,200	7,200
Shareholder information	2,819	5,937
	<b>\$ 90,146</b>	<b>\$ 112,051</b>
<b><i>Balance Sheet</i></b>		
Accounts payable	\$ 19,246	\$ -
Project management and field work on resource property	\$ -	\$ 1,202

Bema provides management, administrative and technical services, including all geological assessments, to the Company. Accordingly, the Company is operationally dependent on Bema to render such services. The notes payable represent advances from Bema, including accrued interest, and bear interest at the prime lending rate plus 2%, payable on demand after March 31, 2007. On January 9, 2006, the Company repaid \$2,341,000 (US\$2 million) of its notes payable to Bema, including full repayment of the Canadian dollar note in the amount of \$565,315. As at March 31, 2006, the Company had a remaining note payable to Bema in the amount of \$1,957,697 which is all denominated in U.S. dollars.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. 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 due to the short-term nature of these instruments.

Management has assessed that it is not practical to determine the fair value of the notes payable to Bema due to the unavailability of similar borrowing arrangements on an arm's length basis. Interest charged on the notes payable fluctuates with the bank prime rate. As a portion of the notes payable is denominated in United States dollars, the Company is exposed to foreign exchange fluctuations.

## **EVALUATION OF DISCLOSURE 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 Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* of the Canadian Securities Administrators) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

## **OUTSTANDING SHARE DATA**

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of May 26, 2006, the number of issued common shares was 45,467,154 (57,950,404 on a fully diluted basis).

As at May 26, 2006, there were 4,015,000 stock options and 8,468,250 share purchase warrants outstanding. The outstanding stock options are comprised of 1.3 million options exercisable at a price of \$0.45 per share to September 7, 2007, 50,000 options exercisable at a price of \$0.34 per share to May 15, 2008, and 2,665,000 options exercisable at a price of \$1.75 per share to April 18, 2011. The share purchase warrants are exercisable as follows: 1,995,000 warrants are exercisable at \$1.50 per warrant to October 19, 2006, 6,165,000 warrants are exercisable at \$1.15 per warrant to December 30, 2006, and 308,250 warrants are exercisable at \$1.00 per warrant to December 30, 2006.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available at [www.sedar.com](http://www.sedar.com).

## **CAUTION ON FORWARD-LOOKING INFORMATION**

This management's discussion and analysis includes forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.