

**ERIN VENTURES INC.**  
**MANAGEMENT DISCUSSION**  
**for the period ended March 31, 2006**

**Management Discussion and Analysis**

1.1 Date of Report: May 31, 2006

1.2 Overall Performance

**Description of Business**

Erin Ventures Inc. (the "Issuer") is a TSX Venture Exchange listed company. It has interests in resource prospects located in British Columbia, Canada and Belize, C.A. The Canadian resource prospect in British Columbia is an early stage exploration property hosting a polymetallic epithermal discovery with a showing of lead, zinc, copper, gold and silver. The Belize property is an early stage exploration property with geology consisting of intrusive and meta-sedimentary rocks, with the potential to yield gold bearing gravel. Additionally, the Issuer, maintains that it has a valid joint venture contract with Elektroprevreda (the government owned power corporation of Serbia) with respect to the development of the Piskanja boron property, located within the Jarandol Basin of Serbia, in spite of the fact that the Serbian government has granted a concession for the mineral rights to boron to another party.

During the period under review the Issuer achieved the following objectives:

**Current Status and Future plans for the Stope Baby Property in British Columbia**

As of the year ended June 30, 2005, the Issuer reduced the Carrying Value of the Stope Baby Property in B.C., and its associated capitalized amounts, to \$1.

Erin Ventures Inc., through its wholly owned subsidiary 766072 Alberta Ltd., holds a 30% equity interest in the Stope Baby Property, located in the Quesnel mining district, British Columbia.

Phase two of the exploration program, was completed in July of 2003, with the geologists report complete in November of that same year. The project in 2003 was successful in suggesting exploration targets both from the magnetic geophysical survey and from the enzyme leach soil geochemical survey. No additional work has been conducted on the Stope Baby Property since the completion of the 2003 work program.

The next recommended work program includes IP (induced polarization) as the next exploration method in the northeast grid area of the property.

The Issuer is pursuing a potential joint venture partners to continue exploration on this property.

**Current Status and Future plans re Serbia**

In a news release dated January 24, 2006, Erin reported the following update:

Erin Ventures Inc. has commenced the process of legal action against Elektroprevreda-Serbia (the Serbian government's wholly owned, national power corporation). Erin is seeking compensation regarding the Piskanja boron property in Serbia. This claim, the first step in an anticipated larger

Erin Ventures Inc.  
Management Discussion and Analysis  
for the period ended December 31, 2005

litigation strategy, seeks monetary compensation for losses and certain damages, totalling approximately US\$15 million.

Further legal action, if taken by Erin, will seek substantial compensation for lost potential profits from the boron property, and other damages apart from the initial US\$15 million claim; may name Elektroprevreda and/or other related, responsible parties; and may be conducted within Serbia and/or other international venues.

This legal action is in defence of Erin's contention that it holds a valid joint venture contract with Elektroprevreda with respect to the development of the Piskanja boron property, located within the Jarandol Basin of Serbia. Recently, the current Serbian government granted a concession to exploit the boron deposits in the Jarandol Basin to a third party, in spite of direct knowledge of Erin's contractual rights to the property, including a prior Serbian government's official sanctioning of Erin's joint venture contract with Elektroprevreda. **There can be no assurance given that any legal or other action pursued by Erin regarding this matter will be successful.**

#### Current Status and Future plans for the Ceibo Chico Property in Belize

Erin, through its wholly owned subsidiary Ceiba Resources Ltd., announced on June 1, 2005 that it has entered into an option agreement to acquire up to 90% equity of the Ceibo Chico Gold Prospect, located in Belize. Erin may acquire up to 90% equity in the prospect by making payments of up to US \$100,000 over 5 years to the optionor, Boiton Minerals Ltd., a Belizean mining company. The agreement is currently in good standing with all commitments having been met to date.

Subsequently, on December 20, 2005, the Issuer reported that bulk testing results to a depth of 1 meter, over a portion of the low grade fan gravel, completed during the 2005 season returned recoverable placer gold values varying from \$2.82/cu yd to \$3.40/cu yd (at \$500 Au/oz). Although the upstream gravel appears to be more limited in volume, initial bulk testing results indicate that recoverable gold grades may be significantly higher (\$15 - \$21.50/ cu yd). Prospecting and bedrock mapping on the property has identified a wide zone (up to 2 km) of clastic rocks with considerable narrow quartz veining hosting massive arsenopyrite mineralization which is thought to be the source of the free gold in the watershed.

Subsequently, on April 21, 2006 the Issuer reported that it has commenced the second phase of an exploration program on its Ceibo Chico Gold Property in Belize, as planned. This Phase has two components: 1) An extensive bulk sampling program, with the objective of attempting to establish a proven grade and reserve of Au sufficient to justify commercial production within the gold bearing gravel; 2) A detailed prospecting, trenching and mapping program in the upper area of the drainage system that hosts the clastic rock formation, with the objective of verifying if this formation is the host rock for the free gold in the watershed.

#### Phase 2 - Bulk Sampling Program

Phase 1 of the exploration, completed during 2005 (as reported in Erin's news release dated December 20, 2005) included a near-surface sampling program that returned recoverable placer gold values\* varying from US \$3.38/cu yd to US \$4.08/cu yd over the tested portion of the low grade fan gravel, and values varying from US \$18.00/cu yd to US \$25.80/cu yd over the tested portion of the upstream gravel. \*at US \$600 Au/oz.

Erin Ventures Inc.  
Management Discussion and Analysis  
for the period ended December 31, 2005

Encouraged by these initial results, as well as by strong gold prices, Erin anticipates that any future commercial production within the gold bearing gravel would be conducted utilizing a 'New Zealand' type floating dredge. These relatively low cost, excavator fed floaters have a well documented total operating cost of approximately US \$1.00/cu yd.

Phase 2 bulk sampling, currently underway, is utilizing an excavator to feed a trommel and sluice plant to test the fan and upstream gravel in order to establish overall grades and reserves of Au. Erin has purchased and deployed a refurbished trommel of a design and capacity that it considers to be well suited for this program.

Phase 2 - Prospecting, Trenching and Mapping Program

Prior prospecting and bedrock mapping on the property has identified a wide zone (up to 2 km) of clastic rocks with considerable narrow quartz veining hosting massive arsenopyrite mineralization.

The Phase 2 detailed prospecting, trenching and bedrock mapping program will attempt to ascertain if this 2 km wide geologic formation, which is cut by the Ceibo Chico Creek, is responsible for the placer gold values in the drainage system, as past exploration suggests.

**Investor Relations Activities**

Blake Fallis provided investor relations services to the Issuer at a remuneration of \$81,000 for the nine months ended March 31, 2006 as compared to \$45,000 for the same nine month period during 2005.

The investor relation activities of Mr. Fallis include such activities as:

- a) corporate and shareholder communications and investor relations including preparation of press releases and other material and responding to shareholder inquiries on a timely basis;
- b) public relations and promotional matters;
- c) assisting in fund raising;
- d) corporate administration and record keeping, including inter-corporate communications and handling accounts payable.
- e) Preparation, design, layout and implementation of marketing materials, web site design, corporate logos, design, implementation and management of marketing campaigns.

**Management Services and Fees**

Mr. Tim Daniels, President and CEO is the only full time member of management. He receives \$5,000 per month remuneration for his services. His services include, but are not limited to, all general administrative functions such as bookkeeping, bill payment, audit preparation, regulatory filings, as well as aiding in Investor Relations, attending meetings, strategic planning, negotiation of acquisitions, coordinating and aiding in fund raising activities, and representing Erin Ventures Inc. on the Board of Directors of Ras Borati. Mr. Daniels received remuneration in the amount of \$45,000 for the nine month period ended March 31, 2006 as compared to \$45,000 for the same period during 2005.

Erin Ventures Inc.  
Management Discussion and Analysis  
for the period ended December 31, 2005

Mr. James Wallis, Director of the corporation is a professional mining engineer who provides services to the corporation on a consulting basis. Mr. Wallis is remunerated at a monthly rate of \$5,000 per month for those periods when his services are required. Duties of Mr. Wallis include planning and overseeing all exploration and development of the corporation's mineral properties, aiding in the assessment and negotiation of new potential acquisitions, attending investor and analyst meetings, as well as representing Erin Ventures Inc. on the Board of Directors of Ras Borati. Mr. Wallis received remuneration and expense reimbursement in the amount of \$36,757 for the nine month period ended March 31, 2006 as compared with \$21,700 for the same nine month period during 2005.

Dr. Dragoljub Jujic, Director of the corporation is a professional mining engineer who provides services to the corporation on a consulting basis. Dr. Jujic is remunerated at a monthly rate of \$5,000 per month for those periods when his services are required. Duties of Dr. Jujic include aiding in the sourcing, assessment and negotiation of new potential acquisitions in the Balkan region, coordinating and attending meetings, gathering of documentation, translation, as well as representing Erin Ventures Inc. on the Board of Directors of Ras Borati. Mr. Jujic received remuneration and expense reimbursement in the amount of \$8,042 for the nine month period ended March 31, 2006 as compared to \$17,500 for the nine month period in 2005.

### **Significant Events and Transactions**

During the three month period ending March 31, 2006:

1. In a news release dated January 24, 2006, Erin reported the following update:

Erin Ventures Inc. has commenced the process of legal action against Elektroprivreda-Serbia (the Serbian government's wholly owned, national power corporation). Erin is seeking compensation regarding the Piskanja boron property in Serbia. This claim, the first step in an anticipated larger litigation strategy, seeks monetary compensation for losses and certain damages, totalling approximately US\$15 million.

2. The Issuer completed 2 private placements of 2,000,000 units each at \$0.075.

### **Foreign Exchange Loss**

The corporation recorded a foreign exchange loss of \$12,225 for the nine month period ended March 31, 2006 vs. a loss of \$14,489 for the same nine month period during 2005. This is due to the fact that certain obligations of the Issuer are carried in foreign currency, and deposits re: tenders for potential acquisitions are made in foreign currencies.

### **Selected Annual Information**

The following financial data are selected information for the Issuer for the three most recently completed financial years:

	Year ended June 30,		
	2005	2004	2003
Total revenues	\$ -	\$ -	\$ -
Loss before discontinued operations and extraordinary items	\$ (868,871)	\$ (579,273)	\$ (55,577)
Basic and diluted loss per share before discontinued operations and extraordinary items	\$ (0.02)	\$ (0.02)	\$ (0.00)

Erin Ventures Inc.  
Management Discussion and Analysis  
for the period ended December 31, 2005

Net loss	\$	(868,871)	\$	(579,273)	\$	(55,577)
Basic and diluted loss per share	\$	(0.02)	\$	(0.02)	\$	(0.00)
Total assets	\$	332,561	\$	599,192	\$	572,675
Total long-term liabilities	\$	-	\$	-	\$	-
Cash dividends per share	\$	-	\$	-	\$	-

Summary of Quarterly Results

	Q3 Mar 31 <u>2006</u>	Q2 Dec 31 <u>2005</u>	Q1 Sept 30 <u>2005</u>	Q4 June 30 <u>2005</u>	Q3 Mar 31 <u>2005</u>	Q2 Dec 31 <u>2004</u>	Q1 Sept 30 <u>2004</u>	Q4 June 30 <u>2004</u>
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before discontinued operations and extraordinary items:								
Total	\$ (102,993)	\$ (154,173)	\$ (101,863)	\$ (439,111)	\$ (134,201)	\$ (174,304)	\$ (121,255)	\$ (153,653)
Per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Per share, fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Net loss:								
Total	\$ (102,993)	\$ (154,173)	\$ (101,863)	\$ (439,111)	\$ (134,201)	\$ (174,304)	\$ (121,255)	\$ (153,653)
Per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Per share, fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)

**Decrease in Expenses**

The Issuer incurred an decrease in overall expenses to \$359,029 for the nine month period ended March 31, 2006 from \$429,760 for the same nine month period in 2005 (a decrease of \$70,731) and a decrease to \$102,993 from \$134,201 for the corresponding three month periods of 2006 and 2005 ending March 31. This represents a decrease of 16.4% for the nine month period ended March 31 2006 when compared to the same period in 2005. Consulting fees decreased by \$10,000 for the nine month period (from \$10,000 in 2005 to Nil in 2006) reflecting the seasonal nature of the Issuers mining activities. Interest payments overall remained relatively unchanged but shifted from short term to long term as a result of renegotiations of debt to long term. Investor relations increased by \$36,000 (from \$45,000 in 2005 to \$81,00 in 2006) for the nine month period as the result of an aggressive marketing plan to redo the Issuers marketing materials, website, etc and undertake a campaign to increase public awareness and the market capitalization of the Issuer. This was a one time expense for the Issuer. Stock based compensation increased from Nil for the nine month period ending March 31, 2005 to \$33,000 for the same period in 2006. This reflects the value placed upon the 1,100,000 stock options issued during the period. This was a one time expense for the Issuer. Travel and promotion costs was \$32,154 for the nine month period ending March 31, 2006 compared with \$50,127 for the same nine month period ending March 31, 2005. This decrease of \$17,973 or 35.8% again reflects the seasonal nature of the Issuers work programs. The largest single change in expenses for the nine month period ending March 31 2006 when compared to the same period in 2005 was Property investigation costs. During the nine month period in 2005 the Issuer spent \$85,086 compared to Nil for the same period in 2006. This reflects the fact that during the 2005 period, the Issuer actively and aggressively pursued other acquisitions, primarily in the Balkan region.

**Discussion of Operations and Financial Condition**

The following discussion should be read in conjunction with the consolidated financial statements and related notes thereto for the period ended March 31, 2006 (the "Period") that is attached. There have been no major changes in accounting policies during the Period.

Erin Ventures Inc.  
Management Discussion and Analysis  
for the period ended December 31, 2005

During the Period, the Issuer experienced a net loss of \$359,029 for the nine months ended March 31, 2006 compared to \$429,760 for the same nine month period in 2005. This represents a decrease of \$70,731 or 16.4% for the nine month period. Along with the decrease in administrative expenses explained earlier, this reduction in overall loss primarily reflects the fact that during the period in question of 2005, \$85,086 was spent towards property investigation while there was no expenditure during the same 2006 period. The Issuers liquid asset position fell to \$252,397 as at March 31, 2006 compared to \$306,592 from June 30, 2005. This reduction in cash is in part reflected by the acquisition of mining equipment used for exploration on the Issuers Belize property. The Issuers cash position to \$212,734 as at March 31, 2006 compared with \$289,561 as at June 30, 2005. This represents a decrease in cash of \$76,827. The Issuers ability to meet its obligations and maintain operations is contingent upon financing arrangements and the support of its creditors.

### **Risks and Uncertainties**

The reader is advised that the following is merely a summary of the risks and uncertainties faced by the Issuer.

Mining exploration is an inherently risky business with no guarantees that further exploration will result in an economically viable mine. Amongst the risks faced by the Issuer are such things as foreign government risks; title risks; currency fluctuations and deflationary risks; exploration and mining risks; competition risks; financing risks; uninsurable risks; permits and licences risks; mineral prices risks; and environmental regulations risks.

**The Serbian government has announced the results of a public tender for the granting of a concession for the mineral rights to boron for the Jarandol Basin in Serbia. Serbia's Official Gazette stated that Serbia has granted Rio Tinto the concession to explore and mine boron in Baljevac, southern Serbia. It is Erin's contention that it maintains a valid joint venture contract with Elektroprevreda (the government owned power corporation of Serbia) with respect to the development of the Piskanja boron deposit, located within the Jarandol Basin. Erin Ventures Inc. has commenced the process of legal action against Elektroprevreda-Serbia (the Serbian government's wholly owned, national power corporation). Erin is seeking compensation regarding the Piskanja boron property in Serbia. This claim, the first step in an anticipated larger litigation strategy, seeks monetary compensation for losses and certain damages, totalling approximately US\$15 million, but there can be no assurance that any legal action, taken, will be successful or properly compensate Erin for its losses.**

Further development on the Issuer's properties is dependent upon the Issuer securing additional financing or arranging for other parties to participate in and/or fund such development. There is no assurance that that such arrangements can be secured.

### **Related Party Transactions**

During the nine month period ending March 31, 2006, the Issuer incurred expenses of \$96,599 with related parties, as compared with \$94,176 for the same period ending in 2005. This increase of \$2,423 included \$45,000 of management fees vs. \$45,000 for the same Period in 2005. Consulting and geological consulting fees totaled \$8,042 for the period ended March 31 2006 compared with \$24,500 for the same period in 2005 (a decrease of \$16,458). Property investigation costs of \$36,757 in 2006 as compared with \$14,700 for the same nine month period ended March 31 2005 (representing an increase of \$22,057 during the nine months ended March 31 2006). As at March 31, 2006 accounts payable includes \$36,540 (June 30, 2005: \$31,235) due

Erin Ventures Inc.  
Management Discussion and Analysis  
for the period ended December 31, 2005

to directors of the Company. This amount is comprised of unpaid geological fees, consulting fees and travel costs. The amount due from related party is comprised of advances for travel and promotion costs due in a future reporting period. Refer to Note 5 to the attached financial statements for further details.

**Acquisition or Abandonment of Assets**

During the Period in question, the Issuer did not acquire nor abandon any resource properties.

**Legal Proceedings**

Erin Ventures Inc. has commenced the process of legal action against Elektroprevreda-Serbia (the Serbian government's wholly owned, national power corporation). Erin is seeking compensation regarding the Piskanja boron property in Serbia. This claim, the first step in an anticipated larger litigation strategy, seeks monetary compensation for losses and certain damages, totalling approximately US\$15 million

**Financings and Principal Purposes**

During the Period, the Issuer did not completed any new financings.

**Liquidity and Solvency**

As at March 31, 2006 the Issuer had current assets of \$252,397. Current liabilities stood at \$255,128. Despite the working capital deficiency of \$2,731 the Issuer has and continues to maintain good relations with its creditors. The Issuer has funded its working capital needs primarily through equity sales as well as through unsecured loans. The Issuers ability to meet its obligations and maintain operations is contingent upon financing arrangements and the support of its creditors. Additionally, the Issuer has an outstanding note payable \$410,527 as at March 31 2006 up from \$368,360 as at June 30 2005. The increase reflects accruing interest on the outstanding note balance. Again, the Issuer maintains good relations with these creditors and does not anticipate any problem servicing this note on an ongoing basis.

**Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Issuer is committed.

**Critical Accounting Estimates**

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Issuer's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

**Financial Instruments and Other Instruments**

The Issuer's financial instruments consist of cash, accounts payable, advance payable and note payable. The fair value of the financial instruments is considered to be equal to the carrying value due to the short-term maturities. It is management's opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Erin Ventures Inc.  
 Management Discussion and Analysis  
 for the period ended December 31, 2005

**Disclosure of Outstanding Share Data**

- a) Authorized:  
 Unlimited voting common shares without nominal or par value  
 Unlimited preferred shares without nominal or par value

b) Common shares issued:	<u>Number</u>	<u>Amount</u>
<b>Balance, March 31 2006</b>	39,736,424	\$ 9,040,900
<b>Issued at \$0.075</b>	<u>4,000,000</u>	<u>300,000</u>
<b>Balance, May 31, 2006</b>	<u>43,736,424</u>	<u>\$ 9,340,900</u>

- c) Share purchase options

At March 31, 2006, the Company has 1,100,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
<u>1,100,000</u>	\$0.15	October 12, 2007

The fair value of the share purchase options granted during the nine months ended March 31, 2006 of \$33,000 (2004: \$Nil) was determined using the Black-Scholes option pricing model with the following assumptions:

	<u>2006</u>	<u>2005</u>
Risk-free interest rate	2%	-
Dividend yield	0	-
Expected volatility	109%	-
Weighted average expected stock option life	2 years	-

During the period ended March 31, 2006, 300,000 share purchase options exercisable at \$0.25 expired.

- d) Share purchase warrants

At May 31, 2006, the Company has 4,500,000 common share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held for as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
500,000	\$0.15	September 16, 2006
4,000,000	\$0.075	February 9, 2007

Erin Ventures Inc.  
Management Discussion and Analysis  
for the period ended December 31, 2005

During the nine months ended March 31, 2006, 3,616,661 common share purchase warrants, previously outstanding and exercisable at \$0.31 - \$0.50 per share, expired unexercised.

**Subsequent Events**

See Note 6 of the consolidated financial statements and related notes thereto for the period ended March, 2006 (the "Period") that is attached.