MACMILLAN GOLD CORP.
MANAGEMENT DISCUSSION AND ANALYSIS

Form 51-102F1

For the Period Ended
December 31, 2005

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MACMILLAN GOLD
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FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

1.1 - Overall Performance

General

This Management Discussion and Analysis ("MD&A") provides information on the operations of MacMillan Gold Corp. for the three month period ended December 31, 2005 and should be read in conjunction with the unaudited consolidated financial statements and the accompanying notes for the three months ended December 31, 2005. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and all monetary amounts are expressed in Canadian dollars unless otherwise indicated in the Notes to the Consolidated Financial Statements. The unaudited December 31, 2005 financial statements and this accompanying MD&A has not been reviewed by the Company's auditors. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com

Forward Looking Statements

Certain statements contained in the following Management Discussion and Analysis constitutes forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties, and other factors which may cause the actual results or performance of achievements of the corporation to be materially different from actual future results and achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking statements while considering the risk set forth below.

Description of Business

MacMillan Gold Corp. (the "Company") is a publicly listed company continued under the Canada Business Corporations Act. The Company's common shares are listed on the TSX Venture Exchange. The Company, directly and with exploration partners, is engaged in the exploration and development of mineral properties primarily in North and South America. The Company considers itself to be an exploration stage company

Overview of Performance

The three month period ended December 31, 2005 was a period of relatively modest exploration activity for the Company due to the limited amount of available working capital. The Company sold marketable securities carried at a value of $164,501 for $171,202 realizing a gain on sale of $6,701 during the period. The Company focused most exploration activities on properties under option to, and being funded by, third parties. In October 2005, the Company and Strikezone Minerals (Canada) Ltd. agreed to combine the Fiebre de Oro and the Yerbabuena property options and added an area of influence. The Company received an additional 200,000 shares of Strikezone valued at $8,000. In October 2005, Young-Shannon Gold Mines, Limited terminated their property option on the La Cucharas Project. The financial statements to December 31, 2005 reflect in receivables the subsequent settlement for US$5,000 of exploration expenditure reimbursement and 300,000 shares of Young-Shannon received subsequent to the period at a value of $30,000. Consolidated Spire Ventures Ltd. terminated their property option on the Tetasiari Project in November 2005. The financial statements to December 31, 2005 reflect in receivables the subsequent settlement for US$65,529 of exploration expenditure reimbursement and 100,000 shares of Consolidated Spire received subsequent to the period at a value of $34,000.

During the quarter, the Company incurred $166,591 of property acquisition and exploration expenditures prior to recoveries of $180,996 compared to expenditures of $402,286 and recoveries of $116,040 in the previous year. There were no write-downs or impairment of pre-existing or newly acquired properties during the year. This reduction in exploration activity was a result of limited working capital; a situation which was rectified by the $2,500,000 financing completed subsequent to December 2005. This financing will enable the Company to pursue all of their current year exploration plans including drill programs at several properties.

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1.2 – Selected Annual Information

The following table summarizes selected financial data for MacMillan Gold for each of the last three fiscal year-ends. The information set forth below should be read in conjunction with the audited Consolidated Financial Statements, prepared in accordance with Canadian generally accepted accounting principles, and their related notes.

Year Ended:	***September 30,2005***	***September 30,2004***	***September 30,2003***
Loss	527,737	449,372	327,152
Loss per share	0.02	0.01	0.01
Total Assets	3,128,002	2,306,538	1,590,869
Working capital (deficiency)	(17,732)	102,065	453,381
*Exploration Properties**	2,813,965	1,922,770	829,977

** Included in Total Assets above*

1.3 - Results of Operations

During the three months ended December 31, 2005, the Company reported a loss of $71,245 compared to a loss of $118,960 for the three months ended December 31, 2004. The December 31, 2004 quarterly loss was re-stated (see Note 2 to the December 31, 2005 unaudited financial statements). Administrative expenditures decreased by $41,014 which reflects a $27,002 decrease in public relations activities. During 2005, the Company sold all marketable securities described in Note 6 of the September 30, 2005 audited financial statements for net proceeds of $ 171,201.

1.4 - Summary of Quarterly Results

The following table presents consolidated financial information from each of the last eight fiscal quarter periods starting with the period ending December 31, 2005:

	Revenue **$**	***(Loss)*** **$**	***(Loss) per share*** **$**
December 31,2005	Nil	(71,245)	(0.001)
September 30,2005	Nil	(212,101)	(0.006)
June 30,2005 *	Nil	(79,991)	(0.001)
March 31,2005 *	Nil	(116,685)	(0.001)
December 31,2004 *	Nil	(118,960)	(0.001)
September 30,2004	Nil	(158,436)	(0.005)
June 30,2004	Nil	(105,472)	(0.003)
March 31,2004	Nil	(117,380)	(0.003)

* Re-stated as described in Section 1.11

1.5 and 1.6 – Liquidity and Capital Resources

The Company's liquid assets at December 31, 2005 were $261,807, consisting of cash of $73,201, marketable securities of $8,000 and prepaid expenses and amounts receivable of $180,606. The Company completed a $2,500,000 financing subsequent to December 31, 2005.

1.7 - Off Balance Sheet Arrangements

The Company does not utilize off-balance sheet financing arrangements.

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1.8 - Transaction with Related Parties

During the quarter ended December 31, 2005, the Company was charged $6,000 (2004 -$6,000) for rent and administrative services by a Company controlled by a director and officer. Geological consulting fees in the amount of $44,955 (2004 - $34,935) charged to exploration properties, were paid or accrued to an officer of the Company. Included in accounts payable and accrued liabilities at December 31, 2005 is $60,738 (2004 - $53,907) owing to these related parties.

These transactions were in the normal course of operations and were measured at the exchange amount established and agreed to between the Company and the related parties.

1.9- Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those described in Subsequent Events Note 7 to the Consolidated Financial Statements.

Subsequent to December 31, 2005, the Company received final approval from the TSX Venture Exchange for a non-brokered private placement financing of $2,500,000. The financing consisted of 10,000,000 shares at a price of $0.25 with a warrant expiring February 7, 2008. Each warrant entitles the purchaser to obtain a share at a price of $0.35 until February 7, 2007 or at $0.50 until February 7, 2008. The shares and warrants are restricted until June 8, 2006. Finder's fees of $158,750 in cash and 319,000 shares as allowed by the TSX Venture Exchange were paid pertaining to this private placement.

1.10 - Critical Accounting Estimates

The Company prepares their consolidated financial statements in accordance with accounting principles generally accepted in Canada. The most significant accounting estimate is the policy of capitalizing exploration expenditures on its active properties. The Company reviews its portfolio of properties on an annual basis to determine whether a write-down of the capitalized cost of any property is required under Canadian generally accepted accounting principles.

1.11 –Changes in Accounting Polices

Effective October 1, 2004, the Company adopted the recommendations of CICA Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These new recommendations require the fair value based method of accounting to be applied to all stock-based compensation arrangements. The fair value of each option is accounted for over the vesting period of the options, and the related credit is included in the contributed surplus.

As a result of applying this change on a retroactive basis without restatement of comparative figures, a cumulative adjustment to the opening balance of deficit of $360,500 has been made. If the change had been made on retroactive basis with restatement of comparative amounts, stock-based compensation expense for the year ended September 30, 2004 would have increased by $218,000. Basic and diluted loss per share would have increased to $0.02. Contributed surplus and deficit as at September 30, 2004 would have increased by $360,500. The Company's stock-based compensation plan is described in Note 5(c). These consolidated financial statements omit the effect of stock options granted before October 1, 2002

Comparative figures for the quarter ended December 31, 2004 were re-stated to reflect the presentation adopted in the September 30, 2005 audited financial statements. The value of shares received as a result of property option agreements and the 10% administration fees earned from property option agreements reported as revenue items in the December 2004, March 2005 and June 2005 quarterly reports were changed to a recovery of exploration expenditures and used to reduce the carrying value of Exploration Properties on the balance sheet.

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1.12-Financial Instruments and Other Instruments

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, as reflected in the balance sheet approximate their fair values.

1.13-Other MD&A Requirements

Authorized

The Company's authorized capital consists of an unlimited number of common shares without par value.

b) Common shares issued	Shares #	Amount $
Balance, September 30, 2005	35,738,912	17,154,331
Issued on exercise of stock options	30,000	8,940
Balance, December 31, 2005	35,768,912	17,163,271

Common share options

Under the Company's stock option plan, directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and persons providing ongoing consulting services to the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant subject to the TSX Venture Exchange minimum of $0.10 with a the maximum term not to exceed five years. The options are 100% vested within two years of grant and are subject to a TSX Venture Exchange legend period if exercised in the first four months after grant.

Additional disclosure of the Company's technical reports, material changes reports, news release and other information can be obtained on SEDAR.