

Management Discussion & Analysis

Date

This MD&A refers to material information regarding the **February 16, 2007 to May 15, 2007** second quarter of Chapleau Resources Ltd. and was prepared July 10, 2007.

Overall Performance

During the quarter ended May 15, 2007 the Company spent \$1,161,550 on its exploration activities.

\$308,168 was spent (\$180,083) drilling and exploring the Mato Velho property in Brazil.

\$467,012 was spent (\$308,098) drilling and exploring the Cajueiro/Nova Canaa property in Brazil.

\$342,245 was spent (\$143,904) drilling and exploring the Coringa project in Brazil.

On April 25, 2007 the Company announced an additional 3 vein structures were identified with gold mineralization at Nova Canaa. The results of holes 8 to 16, confirm gold and/or silver mineralization associated with an additional three shear-hosted vein structures with mineralized intervals of between 0.5 m to 4.0 m, at down-hole depths of between 0.0 m and 174.0 m. The best intersection was in DDH16, drilled 124.0 m to the southeast of DDH11 (1.0 m at 1.05 g/t Au from 173.0 m to 174.0 m), which reported a 3.0 m interval of 1.67 g/t Au from 86.7 m to 89.7 m, and included 1.0 m at 4.38 g/t Au from 87.7 m to 88.7 m. Further gold and/or silver mineralized zones were reported in DDH11, 13 and 14. DDH16, 11, 13 and 14 confirmed gold mineralization at depth below the artisanal gold workings with silver enrichment in the upper 29.0 m. Mineralized intervals include sheared, silicified granite/granodiorite and quartz veinlets with pyrite and hematite varying from 2% to 25%.

On May 3, 2007 the Company received results for the remaining 8 diamond drill holes (DDH's) at the Mato Velho gold project, in Brazil (see website for location map – www.chapleauresources.com with summary of assay results for all 13 holes).

The Phase 1 drill program of 13 holes (1979.40 m) has been successful in:

- **Identifying over 1 km of strike length along the Lagresia structure** with very encouraging gold values of up to **52.70 g/t Au over 1.00 m (9.0 to 10.0 m) in drill core (DDH3).**
- Identifying a significant silver component to gold mineralization in the southeastern extension of Lagresia. **DDH13 intersected 35.50 g/t Ag plus 0.14 g/t Au over 1.00 m (34.0 to 35.0 m) and 34.40 g/t Ag plus 5.54 g/t Au over 0.70 m (36.9 to 34.4 m).**
- Identifying the potential for further well mineralized vein structures as confirmed by **hole DDH10, into the Pista structure which returned 5.54 g/t Au and 9.30 g/t Ag over 0.70 m (36.9 to 37.6 m).**

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- Confirming gold mineralization of **1.20 g/t Au over 1.00 m (38.0 to 39.0 m) in DDH07 along the Vermelho vein structure and 1.44 g/t Au over 1.00 m (32.0 to 33.0 m) in DDH12 along the Um vein structure.**
- Defining at least 4 **principal shear-hosted vein structures, Lagresia, Pista, Vermelho and Um** for follow-up, infill drilling for the Phase 2 drill program which is currently being reviewed.

Subsequent to the quarter ending on June 21, 2007 the Company reported results for 10 of the 22 diamond drill holes (DDH's) at the Coringa gold project, where the Company has an option to earn a 100% interest (see website for location map – www.chapleaurresources.com with summary of assay results for the 10 holes). The gold and silver results from the first ten holes are very encouraging. Airborne and ground geophysical programs to assist the Phase 2 drill program will be conducted in July.

The 10 holes totaling 907.15 m have identified and confirmed the following:

- **High grade gold values of 86.90 g/t Au plus silver values 170.00 g/t Ag over 0.50 m (34.0 to 34.5 m) in DDH1 drilled on the Serra structure which has a mapped strike length of 620.00 m.**
- High grade gold and silver values in two sectors along a regional shear zone which has now being identified by drilling 11 DDH's over a 3.8 km strike length. Results received to date from 5 of the 11 holes drilled on this regional structure include the following intersections,
 - **31.30 g/t Au plus 23.45 g/t Ag over 1.00 m (74 to 75 m) in DDH4 and**
 - **23.67 g/t Au plus 28.25 g/t Ag over 2.00 m (50 to 52 m) in DDH11 drilled 3.8 km to the southwest of DDH4.**
- Extension of gold and silver mineralization at depth on the Serra, Boca, Vessa, Galena, Come Quietto and Meio artisanal shear-hosted gold workings within granite, rhyolite porphyry and volcanic breccia.

On June 26, 2007 the Company completed Phase 1 diamond drilling on the Cajueiro gold project and reported results for 10 of the 13 holes (1237.65 m) drilled (see website for location map – www.chapleaurresources.com with summary of assay results for 10 of the 13 holes).

The Phase 1 drill program of 13 holes targeted known artisanal gold workings, gold soil anomalies and interpreted shear zones within the Colider volcanic suite of rhyolites, rhyolite porphyries, volcanic breccias and microgranites. The exploration drilling which covered an area of approximately 9 km² has confirmed:

- **Significant disseminated gold mineralization associated with shear zones with sericite-pyrite alteration within silicified and propylitically altered rhyolite.**
- **Gold mineralization of 1.37 g/t Au over 31.0 m (45.0 to 76.0 m) in Hole 10.**

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- Continuity of gold mineralization along three interpreted shear zones within an area where soil anomalies indicate potential strike lengths of mineralization of between 500.0 and 1000.0 m.
- The potential for shallow (less than 100.0 m deep) disseminated gold mineralization associated with shear structures of up to 31.0 m wide.

A ground geophysical program is now being planned to target extensions of known mineralized shear zones and locate further mineralized structures for the Phase 2 drill program.

At the end of the quarter the Company held shares of Far West Mining (FWM: TSX - Venture) with a market value of \$10,694,542.

Results of Operations

Chapleau Resources Ltd. has no sales and earns no revenues. Raising capital through sales of shares and warrants funds Chapleau's mining exploration operations.

Summary of Quarterly Results to May 15, 2007

Description	Aug 15/05 \$	Nov15/05 \$	Feb 15/06 \$	May 15/06 \$	Aug 15/06 \$	Nov15/06 \$	Feb15/07 \$	May15/07 \$
Sales/Revenue	0	0	0	0	0	0	0	0
Income/(Loss)	150,638	(1,256,800)	297,045	599,744	155,206	(2,931,983)	(301,768)	(1,925,218)
Net loss per share Basic & diluted	0.00	(0.04)	0.00	0.01	0.00	(0.04)	(0.00)	(0.02)

The net loss from operations for the quarter was \$1,925,218 or a \$0.02 loss per share, basic and diluted.

The net income for the period was \$1,451,783 or a \$0.018 profit per share, basic and diluted due to a gain from sale of investments.

Total assets to May 15, 2007 were \$21,063,632.

Chapleau Resources Ltd. has no long term financial liabilities and no cash dividends per share.

Management fees of \$22,500 were paid for the quarter to two directors, Jim Stypula and Eric Wiltzen, pursuant to management contracts. The Company recognizes the expertise of these two individuals and wishes to retain their services on a continuing basis.

During the quarter no warrants were granted or exercised.

During the quarter no stock options were granted or exercised.

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Chapleau Resources Ltd. issued 55,556 common shares during the quarter pursuant to the La Yegua property agreement at a deemed value of \$24,446.

As of May 15, 2007, there were 82,789,581 shares issued and outstanding for a consideration of \$33,981,867.

Liquidity

Management of Chapleau Resources Ltd. has demonstrated consistent ability to raise equity capital through various market conditions. At the end of the quarter, Chapleau Resources Ltd. had \$2,710,838 cash on hand and short term investments.

Management anticipates that they can continue to raise funds required for further exploration of their properties, however, the junior resource market is very volatile and it is always possible that funds cannot be raised. The Company had accounts payable of \$252,256 as at May 15, 2007.

The Company had liquid assets in the form of Far West Mining Ltd. shares in the amount of \$10,694,542.

Capital Resources

The only resources available to Chapleau Resources Ltd. to raise exploration funds are the equity markets.

Chapleau Resources Ltd. has no unfulfilled obligations on its properties at this time.

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

Management fees of \$22,500 (2006 - \$37,500) were paid to two directors for their expertise in obtaining resource properties, obtaining financing and managing the affairs of the Company.

Consulting fees of \$11,385 (2006 - nil) were paid to a law firm, one of the partners of which is director.

Proposed transactions

None

Share Data: 82,789,581 issued at May 15, 2007. Additional information relating to the Company is available on SEDAR @ www.sedar.com.