

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CENTRAM EXPLORATION LTD.

For the six months ended October 31, 2006

(unaudited)

CENTRAM EXPLORATION LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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TABLE OF CONTENTS

Notice of No Auditor Review of Interim Consolidated Financial Statements	1
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Deficit	3
Consolidated Statements of Cash Flows	4
Notes to the Consolidated Financial Statements	5 – 10

**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

The accompanying unaudited interim period consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, Davidson & Company LLP, has not performed a review of these financial statements.

Centram Exploration Ltd.
November 30, 2006

CENTRAM EXPLORATION LTD.

CONSOLIDATED BALANCE SHEETS

As at	October 31, 2006 (unaudited)	April 30, 2006 (audited)
ASSETS		
Current assets		
Cash	\$ 458,999	\$ 402,007
Receivables	8,409	19,128
Prepaid expenses	833	833
	468,241	421,968
Deferred financing costs (note 5(b))	-	43,000
	\$ 468,241	\$ 464,968
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accruals (note 6)	\$ 22,031	\$ 57,724
Obligation to issue shares (notes 5(b), 6(b), 6(c))	-	35,000
	22,031	92,724
Shareholders' equity		
Capital stock (note 5(b))	4,024,755	3,513,045
Contributed surplus (note 5(c))	89,623	47,418
Subscriptions received in advance (note 5(b))	-	394,500
Deficit	(3,668,168)	(3,582,719)
	446,210	372,244
	\$ 468,241	\$ 464,968

See accompanying notes.

CENTRAM EXPLORATION LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (unaudited)

	Three months ended October 31,		Six months ended October 31,	
	2006	2005	2006	2005
Expenses				
Amortization	\$ -	\$ 110	\$ -	\$ 221
Filing and transfer agent fees	4,729	4,230	7,695	4,751
Interest	-	463	22	463
Management fees (note 6 (a))	12,000	12,000	22,000	24,000
Office and miscellaneous (note 6 (d))	2,268	2,391	4,803	5,363
Professional fees	6,926	5,763	11,983	(7,319)
Property investigation costs	-	6,872	-	6,872
Shareholder information	-	-	152	-
Loss before other items	25,923	31,829	46,655	34,351
Other items				
Interest income	(2,630)	-	(3,411)	-
Debt forgiven	-	(1,440)	-	(1,440)
Foreign exchange loss	-	640	-	640
Stock based compensation (note 5(c))	-	-	42,205	-
Loss for the period	23,293	31,029	85,449	33,551
Deficit, beginning of period	3,644,875	3,506,562	3,582,719	3,504,040
Deficit, end of period	\$ 3,668,168	\$ 3,537,591	\$ 3,668,168	\$ 3,537,591
Basic and diluted loss per share (note 5(e))	\$ (0.001)	\$ (0.003)	\$ (0.004)	\$ (0.003)

See accompanying notes.

CENTRAM EXPLORATION LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Three months ended October 31,		Six months ended October 31,	
	2006	2005	2006	2005
Operating activities				
Loss for the period	\$ (23,293)	\$ (31,029)	\$ (85,449)	\$ (33,551)
Adjustment for items not affecting cash:				
Amortization	-	110	-	221
Stock based compensation	-	-	42,205	-
	(23,293)	(30,919)	(43,244)	(33,330)
Changes in non-cash working capital items:				
Accounts receivable	12,574	(1,398)	10,719	(1,547)
Prepaid expenses	2,840	-	-	-
Accounts payable and accruals	(12,945)	(2,259)	(27,693)	(33,892)
	(20,824)	(34,576)	(60,218)	(68,769)
Financing activities				
Issuance of common shares	20,000	-	511,710	-
Share subscriptions received in advance	-	-	(394,500)	-
	20,000	-	117,210	-
Investing activities				
	-	-	-	-
Increase (decrease) in cash	(824)	(34,576)	56,992	(68,769)
Cash, beginning of period	459,823	57,222	402,007	91,415
Cash, end of period	\$ 458,999	\$ 22,646	\$ 458,999	\$ 22,646

See accompanying notes.

CENTRAM EXPLORATION LTD.

Notes to the Unaudited Interim Period Consolidated Financial Statements

For the six months ended October 31, 2006

1. Nature and continuance of operations

Centram Exploration Ltd. (the "Company") is an exploration stage company and was incorporated in the Province of Alberta on October 24, 1996. The Company's principal business activities involve the acquisition and exploration of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future.

These consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Summary of significant accounting policies

(a) Basis of presentation

These unaudited interim consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods as those used in the preparation of the audited annual consolidated financial statements for the year ended April 30, 2006. These interim consolidated financial statements do not include all information and note disclosure required in annual financial statements. Additional disclosure is required in annual financial statements and accordingly the unaudited interim period consolidated financial statements should be read together with the audited annual consolidated financial statements.

(b) Principles of consolidation

These consolidated financial statements included the accounts of the Company and its wholly-owned subsidiary Maya Gold Corporation S.A. de C.V., a Honduras company. All significant inter-company transactions and balances have been eliminated upon consolidation.

(c) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. By their nature, estimates are subject to uncertainty.

CENTRAM EXPLORATION LTD.

Notes to the Unaudited Interim Period Consolidated Financial Statements

For the six months ended October 31, 2006

(d) Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

(e) Stock-based compensation

The Company accounts for stock-based compensation using the fair value based method. The fair value of stock-based compensation is determined by using the Black-Scholes option pricing model. The fair value of stock options is recognized as stock-based compensation expense, with an offsetting credit charged to contributed surplus, on a straight line basis over the option vesting period. The applicable contributed surplus is transferred to share capital, if and when the stock options are exercised. Any consideration paid on the exercise of stock options is credited to capital stock.

(f) Loss per share

The computation of earnings (loss) per share and diluted earnings (loss) per share amounts are based upon the weighted average number of outstanding common shares during the periods. Dilution is calculated based on the net number of common shares issued, should "in the money" options and warrants be exercised and the proceeds used to purchase common shares at the weighted average market price in the period.

(g) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. There were no material obligations for the period presented.

3. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

4. Financial instruments

Financial instruments of the Company are represented by cash, receivables, and accounts payable and accruals. 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 carrying value of these instruments approximates fair value due to their immediate or short-term maturity.

CENTRAM EXPLORATION LTD.

Notes to the Unaudited Interim Period Consolidated Financial Statements

For the six months ended October 31, 2006

5. Capital stock

(a) Authorized:

Unlimited common shares with no par value
Unlimited preferred shares with no par value, issuable in series

(b) The following table summarizes the common share transactions:

	Number of shares	Amount
Balance, at April 30, 2004 and 2005	11,540,557	\$ 3,513,045
2006:		
Return to treasury (*)	(10,000)	-
Share adjustment	5	-
Balance, at April 30, 2006	11,530,562	3,513,045
2007:		
Shares issued by private placement (**)	10,000,000	500,000
Shares issued for debt settlement (***)	100,000	5,000
Compensation shares (**)	600,000	30,000
Warrants (note 5 (d))	200,000	20,000
Less share issuance costs	-	(43,290)
Balance, at October 31, 2006	22,430,562	\$ 4,024,755

(*) On July 8, 2005, the Company had 10,000 shares, originally issued in error, returned to treasury.

(**) On May 4, 2006, the Company issued 10,000,000 units at \$0.05 per unit for proceeds of \$500,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.10, expiring April 26, 2007. Also, the Company issued 600,000 shares valued at \$30,000 as a finder's fee (note 6(c)). The 600,000 shares were issued May 24, 2006. As at April 30, 2006, the Company had received subscriptions of \$394,500 and had incurred deferred financing costs of \$43,000 related to the placement.

(***) On May 4, 2006, the Company issued 100,000 units at \$0.05 per unit for a debt settlement of \$5,000 (Note 6(b)). Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.10 expiring April 26, 2007.

CENTRAM EXPLORATION LTD.

Notes to the Unaudited Interim Period Consolidated Financial Statements

For the six months ended October 31, 2006

(c) Stock options and contributed surplus

On June 5, 2006, 800,000 options were granted to officers and directors of the Company in accordance with the Company Stock Option Plan. Under the terms of the Stock Option Plan, the Company is authorized to issue a maximum of 10% of the issued shares. These 800,000 options were issued for a five year term at an exercise price of \$0.19. One-third of the options granted vest immediately, one-third vest twelve months from the date of grant and the remaining one-third vest twenty-four months from the date of grant. The fair value of the options at the time of grant has been estimated using the Black-Scholes option pricing model with the following assumptions:

Dividend yield	-	\$ Nil
Expected volatility	-	118.39%
Risk free rate of return	-	4.19%
Expected life of the options	-	5 Years

The total calculated stock-based compensation expense is \$126,614, with \$42,205 recognized in the three month period, ended July 31, 2006. The offsetting credit is charged to contributed surplus.

Option pricing models require the input of subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of the Black-Scholes option pricing model, as required by Canadian Generally Accepted Accounting Principles, may not provide a realistic measure of the fair value of the Company's stock options at the date of the grant or thereafter.

The following table summarizes the stock option activity for 2007 and 2006:

	<u>October 31, 2006</u>		<u>April 30, 2006</u>	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding - opening	-	\$ -	70,000	\$ 0.18
Cancelled/expired	-	-	(70,000)	0.18
Granted	800,000	0.19	-	-
Outstanding - ending	800,000	\$ 0.19	-	\$ -

The following table summarizes information about the outstanding options:

<u>Number</u>	<u>Exercise Price</u>	<u>Options Exercisable at October 31, 2006</u>	<u>Weighted Average Remaining Contractual Life</u>	<u>Expiry date</u>
800,000	\$ 0.19	266,667	4.59	June 5, 2011

CENTRAM EXPLORATION LTD.

Notes to the Unaudited Interim Period Consolidated Financial Statements

For the six months ended October 31, 2006

(d) Warrants

The following table summarizes the warrant activity to October 31, 2006:

	Number of Warrants	Weighted Average Price
Balance, at April 30, 2005	745,000	\$ 0.14
2006:		
Cancelled/expired	(745,000)	\$ 0.14
Balance, at April 30, 2006	-	\$ -
2007:		
Issued by private placement (note 5(b))	10,000,000	\$ 0.10
Issued for debt settlement (note 5(b))	100,000	\$ 0.10
Exercised	(200,000)	\$ 0.10
Balance, at October 31, 2006	9,900,000	\$ 0.10

(e) Supplemental information on weighted average number of shares outstanding:

	Three months ended October 31,		Six months ended October 31,	
	2006	2005	2006	2005
Basic	<u>22,310,997</u>	11,540,557	<u>22,031,105</u>	11,540,557
Diluted	<u>32,330,562</u>	11,540,557	<u>31,926,215</u>	11,540,557

The effect of the dilutive warrants were not included in the calculation of the diluted loss per share as the result would be anti-dilutive. Stock options had no dilutive effect based on the exercise price compared with the weighted average market stock price during the quarter and year.

6. Related party transactions

During the three and six month periods ended October 31, 2006, the Company:

- (a) paid management fees of \$12,000 (2005 – \$12,000) for the current three month period and \$24,000 (2005 - \$24,000) for the six month period to directors/officers and to companies controlled by officers of the company.
- (b) on May 4, 2006 issued 80,000 units, valued at \$4,000 (note 5(b)) to a director/officer of the Company. These units were issued pursuant to the terms of a debt settlement made during the year ended April 30, 2006.

CENTRAM EXPLORATION LTD.

Notes to the Unaudited Interim Period Consolidated Financial Statements

For the six months ended October 31, 2006

- (c) on May 24, 2006 issued 600,000 common shares, valued at \$30,000 (note 5(b)) as payment of a finder's fee. The fee was paid to Mark McMurdie, who became an officer of the Company on June 5, 2006.
- (d) paid rent of \$2,100 for the current three month period and \$4,200 for the six month period to a company related by virtue of a common director. These amounts are recorded in the office and miscellaneous account.
- (e) paid \$6,751 to a company related by virtue of a common director. The payment was made to satisfy indebtedness recorded in the accounts payable and accruals account at April 30, 2006.

Included in accounts payable and accruals at October 31, 2006 is \$nil (2005 – \$2,737) payable to directors/officers, former directors, and to companies related by virtue of a common director.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Segmented information

The Company operates in one reportable segment, which is the acquisition and exploration of mineral properties. All assets and all items in the statement of operations and deficit relate to operations in Canada. In prior years, the Company had operations in Canada and in Honduras.

CENTRAM EXPLORATION LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS (for the six month period ended October 31, 2006)

December 12, 2006

Introduction

The following management's discussion and analysis ("MD&A") of operating results, financial condition and future prospects of Centram Exploration Ltd. (the "Company") should be read in conjunction with the Company's MD&A and audited annual consolidated financial statements and related notes for the year ended April 30, 2006 and the unaudited interim consolidated financial statements and related notes for the six month periods ended October 31, 2006 and 2005. This MD&A reviews the three and six month periods ended October 31, 2006 and the subsequent period up to December 12, 2006.

The interim and annual consolidated financial statements of the Company have been prepared in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP). All amounts in this report and in the Company's consolidated financial statements are expressed in Canadian dollars unless otherwise noted.

This MD&A and the Company's unaudited interim consolidated financial statements and related notes for the six month period ended October 31, 2006, have been approved by the Company's audit committee and Board of Directors.

Forward Looking Statements

This MD&A contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, that are subject to a number of unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or anticipated by such forward-looking statements. Factors that could cause such differences, without limiting the generality of the foregoing, include: changes in conditions of world precious and base metal markets and equity markets; costs and supply of materials and equipment; political and environmental risks; adverse exploration and mining conditions; unexpected geological conditions; failure to obtain necessary permits; changes in government and mining policies and regulations; and other development and exploration risks.

Although we believe that the assumptions and expectations reflected in our forward-looking statements are reasonable, results may vary, and we cannot guarantee future results, levels of activity, performance or achievements. Undue reliance should not be placed on these forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statement.

Overview

The Company is a development stage mineral exploration company and is currently listed for trading on the NEX board of the TSX Venture Exchange, under the symbol CNA.H. Prior to August 12, 2005 the Company was listed on the TSX Venture Exchange as a Tier 2 mining issuer. The Company's listing status was changed as a result of the Company's failure to maintain the minimum TSX Venture Exchange Tier 2 listing requirements.

The Company intends to return to the TSX Venture Exchange as a Tier 2 mining issuer and has focused its activities on the acquisition of domestic and/or international mineral properties. In furtherance of the Company's objective to return to the TSX Venture Exchange, on April 26, 2006, Mr. David Mosher, President/CEO, High River Gold Mines Ltd. and Mr. Donald Whalen, Executive Chairman, High River Gold Mines Ltd., were appointed members of the Company's Board of Directors and during the quarter ended July 31, 2006, the Company completed a \$500,000 non-brokered private placement (please refer to the Liquidity and Capital Resources sections for further details). On June 5, 2006, Mr. Mark McMurdie was appointed Chief Financial Officer. Mr. Richard Mark continues to act as a Director and as President and Chief Executive Officer.

Of note, as a result of changes made to the Republic of Honduras government's mining policies in July, 2004, ownership of the Company's two Honduran mineral concessions, namely, El Triunfo and Rio Rico is questionable. The Company believes there is a possibility that it may still retain its 100% interest in these concessions, though the Company has not confirmed this belief. Accordingly, the Company has no immediate plans of pursuing its exploration activities for these mineral concessions and has written off all related expenditures.

The Company's consolidated working capital as at October 31, 2006 was \$446,210. Since April 30, 2006 working capital increased by \$116,966. This increase is primarily the result of the Company: having received \$105,500, being the balance of the proceeds from the \$500,000 non-brokered private placement; having fulfilled its obligations to issue \$35,000 in common shares; and having received proceeds of \$20,000 from the exercise of 200,000 common share purchase warrants (please refer to Liquidity and Capital Resources sections for further details).

Results of Operations

During the three month period ended October 31, 2006, the Company began its process of evaluating opportunities to acquire mineral properties or projects, though the Company did not incur any related costs.

The loss for the current quarter was \$23,293 compared to a loss of \$31,029 for the comparable quarter ended October 31, 2005. The decrease in the loss is primarily attributable to the absence of property investigation costs (2005 - \$6,872).

Centram Exploration Ltd.
Management's Discussion & Analysis
(for the six month period ended October 31, 2006)

During the current quarter, the Company paid management fees of \$12,000 (2005 – \$12,000). These payments were made in accordance with the terms of management agreements made with the Company's President/CEO and Chief Financial Officer (please refer to the Related Party Transactions section for further details).

Office and miscellaneous expense decreased slightly for the quarter (2006 - \$2,268 vs 2005 - \$2,391). Rent costs related to a premise lease agreement made with a company related by virtue of a common director are reflected in this account (please refer to the Related Party Transactions section for further details). Rent costs were relatively unchanged for the period (2006 - \$2,100 vs 2005 - \$2,130).

Professional fees increased during the current quarter (2006 - \$6,926 vs 2005 – \$5,763). This increase is primarily the net result of additional audit costs related to fiscal 2006 and a reduction in fees for accounting and administration services.

During the quarter, the Company realized interest income of \$2,630 (2005 - \$nil). The increase is related to the significant increase in cash, as a result of the Company having completed the \$500,000 non-brokered private placement during the quarter ended July 31, 2006.

Cash flows used in operating activities for the current quarter were \$20,824 verses \$34,576 used in the comparable quarter ended October 31, 2005. The decrease is the result of a reduction in the cash operating loss (2006 - \$23,293 vs 2005 – \$30,919) combined with a positive change in non-cash working capital items (2006 - \$2,469 vs 2005 – (\$3,657)). During the quarter, receivables decreased as a result of the Company having received refunds for GST and prepaid expenses decreased as a result of management fees (\$2,000) and rent (\$700), prepaid in the prior quarter, being expensed. Cash was used to reduce accounts payable and accruals (please refer to the Related Party Transactions section for further details). Cash flows provided from financing activities amounted to \$20,000 compared to \$nil in 2005. This is the result of the Company having received funds from the exercise of 200,000 common share purchase warrants (please refer to Liquidity and Capital Resources sections for further details). The Company did not incur any investing activities during the current quarter (2005 – \$nil).

For the current three month period, these activities resulted in decreasing the Company's cash balance by \$824. The Company's cash balance as at October 31, 2006, was \$458,999 compared to \$459,823, as at July 31, 2006.

During the six month period ended October 31, 2006, the Company reorganized its activities and began the process of evaluating opportunities to acquire mineral properties or projects. The loss for the current six month period was \$85,449 compared to a loss of \$33,551 for the comparable period ended October 31, 2005.

The increase in the loss for the six month period is primarily attributable to; the recognition of \$42,205 (2005 - \$nil) for stock-based compensation (non-cash) in relation to the grant of 800,000 stock options during the quarter ended July 31, 2006 (please refer to the Liquidity and

Centram Exploration Ltd.
Management's Discussion & Analysis
(for the six month period ended October 31, 2006)

Capital Resources section for further details); an increase in professional fees (2006 - \$11,983 vs 2005 - (\$7,319)) as a result of the absence of an income effect related to a credit adjustment for audit fees of \$20,268, recorded during the period ended July 31, 2005; and the absence of property investigation costs (2005- \$6,872).

The Company realized interest income of \$3,411 (2005 - \$nil) during the six month period. As noted above, the increase is related to the significant increase in cash, as a result of the Company having completed the \$500,000 non-brokered private placement during the quarter ended July 31, 2006.

Cash flows used in operating activities for the six month period ended October 31, 2006 were \$60,218 versus \$68,769 used in the comparable period ended October 31, 2005. The decrease is the result of a combination of a larger cash operating loss (2006 - \$43,244 vs 2005 - \$33,330) and a decrease in cash used for non-cash working capital items (2006 - \$16,974 vs 2005 - \$35,439). During the period, receivables decreased as a result of the Company having received refunds for GST and less cash was required to reduce accounts payable and accruals. Cash flows provided from financing activities, net of financing costs of \$43,290, amounted to \$117,210 compared to \$nil in 2005. This is the result of the Company: having received the balance of the funds from the \$500,000 non-brokered private placement, being \$105,500; fulfilling its obligations to issue \$35,000 of common shares; and having received \$20,000 from the exercise of 200,000 common share purchase warrants (please refer to Liquidity and Capital Resources sections for further details). The Company did not incur any investing activities during the current quarter (2005 - \$nil).

For the current six month period, these activities resulted in increasing the Company's cash balance by \$56,992. The Company's cash balance as at October 31, 2006, was \$458,999 compared to \$402,007 as at April 30, 2006

Summary of Quarterly Results

	Revenue	Loss before other items	Other items	Net income (loss)	Net loss per share
	\$	\$	\$	\$	\$
<u>Fiscal 2007</u>					
Q1 July 31, 2006	-	(20,732)	(41,424)	(62,156)	(0.003)
Q2 October 31, 2006	-	(25,923)	2,630	(23,293)	(0.001)
<u>Fiscal 2006</u>					
Q1 July 31, 2005	-	(2,522)	-	(2,522)	0.000
Q2 October 31, 2005	-	(31,829)	800	(31,029)	(0.003)
Q3 January 31, 2006	-	(2,667)	3,238	571	0.000
Q4 April 30, 2006	-	(63,288)	17,589	(45,699)	(0.004)
<u>Fiscal 2005</u>					
Q3 January 31, 2005	-	(23,933)	858	(23,075)	(0.002)
Q4 April 30, 2005	-	(40,063)	(246,078)	(286,141)	(0.025)

Exploration Activities

During the three and six month periods, the Company did not conduct any exploration activities.

Liquidity and Capital Resources

The Company has no regular source of cash flow and finances its activities by raising capital in the equity markets and is dependent upon its ability to obtain the necessary financing to meet its obligations and pay its liabilities. As previously noted, the Company, as at October 31, 2006, had working capital of \$446,210.

On April 26, 2006 the Company announced that it closed a non-brokered private placement of 10,000,000 units, priced at \$0.05 per unit, for gross proceeds of \$500,000. Each unit consisted of one common share of the Company and one transferable common share purchase warrant. Each share purchase warrant entitles the holder thereof, to acquire one additional common share of the Company at an exercise price of \$0.10 per share. The share purchase warrant expires on April 26, 2007. If all of these share purchase warrants are exercised, the Company will receive \$1,000,000 in additional working capital. During the quarter ended October 31, 2006, 20,000 of these share purchase warrants were exercised for proceeds of \$20,000 and subsequent to the end of the current quarter, an additional 10,000 share purchase warrants were exercised for proceeds of \$1,000. Prior to April 30, 2006, the Company received \$394,500 of the proceeds from the \$500,000 private placement and during the quarter ended July 31, 2006, the balance of \$105,500 was received pursuant to delivery against payment instructions. The 10,000,000 common shares were issued on May 4, 2006. A finder's fee of \$30,000 was paid by the Company via the issuance of 600,000 common shares. The 600,000 common shares were issued on May 24, 2006. It should be noted that the finder's fee was paid to Mr. McMurdie, who became Chief Financial Officer and Corporate Secretary of the Company on June 5, 2006.

Also, on April 26, 2006, the Company announced that it would issue 100,000 units, priced at \$0.05 per unit, in settlement of certain debt. These units were issued to an Officer of the Company and to a company controlled by a former Officer of the Company in satisfaction of \$25,237 of indebtedness (please refer to the Related Party Transactions section for further details). Each unit consisted of one common share of the Company and one transferable common share purchase warrant. Each share purchase warrant entitles the holder thereof, to acquire one additional common share of the Company at an exercise price of \$0.10 per share. The share purchase warrant expires on April 26, 2007. If all of these share purchase warrants are exercised, the Company will receive \$10,000 in additional working capital. As of the date of this MD&A, none of these share purchase warrants have been exercised. The 100,000 common shares were issued on May 4, 2006.

As a result of the above noted share issuances, financing costs of \$ 43,290 were charged to share capital during the six month period ended October 31, 2006. The financing costs are

Centram Exploration Ltd.
Management's Discussion & Analysis
(for the six month period ended October 31, 2006)

comprised of legal costs and the finder's fee paid to Mr. McMurdie. The Company's obligation to issue \$35,000 in common shares, as at April 30, 2006, was satisfied via the issuance of the 100,000 units with respect to the \$5,000 debt settlement and via the issuance of 600,000 common shares with respect to the \$30,000 finder's fee.

On June 5, 2006, the Company's Board of Directors granted 800,000 stock options to the Company's Directors, Officers and Consultants under the terms of the Company's Incentive Stock Option Plan. The stock options have a term of five (5) years and are exercisable at a price of \$0.19. One-third of the stock options granted vest immediately, one-third on the first anniversary from the date of grant and one-third on the second anniversary from the date of grant. The fair value of the stock options granted is \$126,614 and will be recognized over the stock option vesting period as stock-based compensation. \$42,205 of the fair value was recognized during the quarter ended July 31, 2006. 266,667 of the options granted are exercisable.

In fiscal 2007 the Company anticipates that it will use its cash resources to finance the evaluation and acquisition of mineral properties, conduct exploration activities and finance its general corporate expenditures. In its effort to obtain its corporate objectives, the Company may have to raise additional capital to finance its activities. The Company anticipates that it will have or has the ability to raise sufficient working capital to meet its corporate objectives for the year.

The Company's financial success is dependent on the extent to which it can discover mineralization in economic quantities and the economic viability of developing its properties or projects. Given the nature of the Company's operations, which consist of exploration, evaluation and acquisition of mineral properties or mining projects the Company believes that the most meaningful financial information relates primarily to current liquidity and solvency.

Share Capital	Three months ended, October 31, 2006		Six months ended, October 31, 2006	
	Number	\$	Number	\$
Issued:				
Balance, beginning of period	22,230,562	4,004,755	11,530,562	3,513,045
Transactions during the period:				
Private placement	-	-	10,000,000	500,000
Debt settlement	-	-	100,000	5,000
Compensation shares	-	-	600,000	30,000
Exercise of warrants	200,000	20,000	200,000	20,000
Less: Share issuance costs	-	-	-	(43,290)
Balance, at end of period	22,430,562	4,024,755	22,430,562	4,024,755

Centram Exploration Ltd.
Management's Discussion & Analysis
(for the six month period ended October 31, 2006)

As of the date of this MD&A, the Company has outstanding 22,440,562 common shares and 10,690,000 dilutive securities. The dilutive securities are represented by 9,890,000 common share purchase warrants and 800,000 incentive stock options.

Related Party Transactions

Management fees are paid to the Company's President and Chief Executive Officer, Richard Mark, and to Rustle Woods Capital Inc., a company controlled by the Company's Chief Financial Officer, Mark McMurdie. During the quarter ended July 31, 2006, the Company entered into a new management agreement with Mr. Mark and entered into a management agreement with Mr. McMurdie. Each of these agreements are automatically renewed on a monthly basis, continue from year to year, and currently provide for monthly remuneration of \$2,000. The Company paid management fees of \$12,000 for the current three month period (2005 - \$12,000) and \$22,000 for the six month period (2005 - \$24,000).

During the year ended April 30, 2006, the Company, pursuant to debt settlement agreements made with its current President and Chief Executive Officer, Mr. Mark and with 667981 B.C. Ltd., a company controlled by the Company's former President and Chief Financial Officer, Mr. John Roozendaal, settled debt of \$25,237 by issuing 100,000 units, valued at \$5,000, in the share capital of the Company (please refer to the Liquidity and Capital Resources section for further details). Mr. Mark received 80,000 units, valued at \$4,000 and 667981 B.C. Ltd. received 20,000 units, valued at \$1,000.

As part of the \$500,000 non-brokered private placement (please refer to the Liquidity and Capital Resources section), 600,000 common shares of the Company were issued to Mr. McMurdie on May 24, 2006 in settlement of a \$30,000 finder's fee. Mr. McMurdie became an officer of the Company on June 5, 2006.

As at April 30, 2006, the Company was indebted to Rare Earth Metals Corp. ("Rare Earth") in the amount of \$6,751. This indebtedness is the result of Rare Earth funding certain operating expenses on the Company's behalf. The Company's President and Chief Executive Officer, Mr. Mark, also acts as Chief Executive Officer for Rare Earth. This amount was paid during the current three month quarter and was previously included in accounts payable and accruals account.

During the prior fiscal year, the Company and Rare Earth shared office premises and were co-tenants, along with another unrelated party, on a premise lease agreement. As a result of the Company restructuring its finances during the prior year, the premise lease agreement was amended and the Company's obligations thereunder were assumed by Rare Earth and the other co-tenant. The Company has agreed to sublet office premises from Rare Earth at a cost of \$700 per month. The Company paid rent of \$2,100 for the current three month period (2005 - \$2,130) and \$4,200 for the six month period (2005 - \$4,261).

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Proposed Transaction

The Company, from time to time, reviews potential merger, acquisition, investment and joint venture opportunities. At the current time there are no reportable proposed transactions.

Critical Accounting Estimates

The Company does not make any critical accounting estimates other than the carrying value of mineral exploration property costs. On a quarterly basis, a committee of the Board of Directors considers whether events or changes in circumstances related to the mineral exploration properties indicate that the carrying value may not be recoverable.

Change in Accounting Policies including Initial Adoption

During the current quarter, the Company did not change any existing or adopt any additional accounting policies.

Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements. Cash, accounts receivable, accounts payable, accrued liabilities and amounts due to related parties are short-term financial instruments whose fair value approximates their carrying amount given that they will mature shortly.

Disclosure Controls and Procedures

Disclosure controls and procedures within the Company are designed to provide reasonable assurance that all relevant information is identified to ensure that appropriate and timely decisions are made regarding public disclosures. Management believes that the controls and procedures in place provide reasonable assurance that the annual and interim filings do not contain any misrepresentations or omit to state any material facts.

Risks and Uncertainties

The Company is in the business of exploring for minerals and if successful, ultimately mining them. The mining sector is by its nature, cyclical, competitive and risky. The Company must compete with a number of other companies that have greater financial and technical resources. There is no assurance that economic deposits will be discovered and in fact, most companies are unsuccessful due to the low probability of discovering an economic deposit. Once a

Centram Exploration Ltd.
Management's Discussion & Analysis
(for the six month period ended October 31, 2006)

potentially economic deposit is identified, the Company's ability to establish a profitable mining operation is subject to a host of variables, such as technical and economic factors and regulatory issues. Many of these risks are beyond the Company's control.

Investment in the mining sector in general, and the exploration sector in particular, involves a high degree of risk and uncertainty and the Company's common shares should be considered as a highly speculative investment. Current and potential investors should give special consideration to the risk factors involved.

Financing Risk

The Company does not have any producing properties or projects and no source of regular revenue. The Company's ability to finance its exploration and development activities and make acquisitions is highly dependent upon its ability to raise capital in the financial markets. There is no assurance that the Company will be able to raise the capital required to fund the Company's activities or opportunities.

Property Title Risk

Although the Company takes reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged, impugned or renounced.

Other MD&A Requirements

All relevant information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.