

**YANKEE HAT MINERALS LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED APRIL 30, 2007**

The following discussion and analysis of the operations, results and financial position of the Company for the nine months ended April 30, 2007 should be read in conjunction with the unaudited interim financial statements and notes for the nine months ended April 30, 2007. Additional information for the Company may be obtained from www.sedar.com. This discussion is dated June 21, 2007.

FORWARD LOOKING STATEMENTS

Except for historical information the Management Discussion and Analysis may contain forward looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or other achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

DESCRIPTION OF BUSINESS

YANKEE HAT MINERALS LTD. (the "Company") is a company engaged in the exploration for precious metals.

Fran Property Option- British Columbia, Canada

The Fran Property is designated by the Company as its "Principal Property" under the policies of the Exchange, and the Company has filed a geological report in compliance with National Instrument 43-101.

2007 Exploration Program

On January 17, 2007 the Company announced its 2007 winter diamond drilling exploration program on the North Contact Zone of the Fran Property.

The Fran property is located 60 kilometers north of Fort St. James and is 30 kilometres southwest of Mount Milligan, one of British Columbia's largest undeveloped mineral deposits. More than 20 shallow holes were planned to further test the North Contact Zone over a 1 kilometer strike length to vertical depths of 150 metres.

In 2006, 14 holes tested the North Contact Zone over a strike length of 800 metres for a total of 2060 metres. This drilling concentrated on the east and west ends of this zone leaving a 250 metre gap in the central area. In 2007 several initial drill holes were planned to close this gap and test open areas to the east and west.

The continuity of the polymetallic vein-replacement style mineralization within the 2006 drilling area is excellent with true widths ranging from 2 to 50 metres. Average gold grades in trenches and drill holes are similar, commonly in the 3 to 9 gt range with individual samples up to 93 gt Au. Silver, copper and locally lead and zinc values are associated with the more significant gold intercepts. Highlights from the 2006 Phase 1 drilling on the North Contact Zone were as follows:

- FR-47 4.0 m of 7.91 gt Au, 12.78 gt Ag, 0.39% Cu
- FR-55 9.55m of 8.51 gt Au, 14.81 gt Ag, 0.25% Cu
- FR-58 57.44m of 0.82 gt Au, Incl. 8.47m of 3.04 gt Au, 1.57 gt Ag, 0.06% Cu
- FR-59 54.60m of 1.12 gt Au, Incl. 4.85m of 10.96 gt Au, 40.15 gt Ag, 1.48% Cu
- FR-61 17.12m of 1.2 gt Au, Incl. 2.85m of 2.42 gt Au, 7.0 gt Ag, 0.16% Cu

Importantly, some of the better intercepts occurred near either end of the 2006 drilling area, for example FR-55 at the far western end. The gold zone is open in all directions.

On March 12, 2007 the Company announced that the drills began operating on the Fran property.

The first five assay results from the winter drilling program were released **on April, 25, 2007**. All five holes intersected economically significant gold mineralization; highlighted by FR 07-64 with **17.30 g/t Au over 1.5 meters** within a larger intercept of **1.69 g/t Au over 16.90 meters**.

A table of drilling highlights is provided below for further reference.

Hole Number	From	To	Interval	Interval	Au	Ag	Cu	Zn
	(m)	(m)	(m)	(ft)	g/t	ppm	ppm	ppm
FR 07-63	136.6	145.2	8.6	28.22	0.98	1.9	476	39
FR 07-64	62.2	79.1	16.9	55.45	1.69	2.1	380	86
incl	71.8	73.3	1.5	4.92	17.3	21.6	3650	664
FR 07-65	72.2	73.8	1.6	5.25	1.33	0.4	165	39
FR 07-66	72.5	108.4	35.9	117.78	0.34	1.1	374	176
incl	72.5	73.75	1.25	4.1	1.47	1.5	1571	61
incl	91.5	102	10.5	34.45	0.68	2.3	706	247
FR 07-67	66.8	70.75	3.95	12.96	0.51	2	41	18
	146.15	148.95	2.8	9.19	0.86	2.2	390	242
incl	148.45	148.95	0.5	1.64	1.71	3	457	524

On June 13, 2007 the Company announced that three additional drill holes from the North Contact Zone all intersected significant gold mineralization. The new results included **20.50 g/t gold over 0.50 meters within a larger intercept of 1.01 g/t over 30.60 meters** in hole FR 07-70 and **13.15 g/t gold over 0.50 meters within a larger intercept grading 0.75 g/t over 23.05 meters** in hole FR 07-68.

Complete drill results are summarized below:

Hole Number	From	To	Interval	Interval	Au	Ag	Cu	Zn
	(m)	(m)	(m)	(ft)	g/t	ppm	ppm	ppm
Fr 07- 68	124.05	147.1	23.05	75.62	0.75	0.9	232	285
incl	124.05	124.55	0.5	1.64	13.15	4.1	1381	791
incl	124.05	132.25	8.2	26.9	1.2	1.1	280	106
incl	145.3	147.1	1.8	5.91	3.34	4	762	2780
Fr 07- 69	142.4	185.45	43.05	141.24	0.34	18.1	260	81
incl	146.8	147.6	0.8	2.62	2.59	1.6	778	68

incl	156.7	158.2	1.5	4.92	1.65	1.4	1180	91
incl	185.05	185.45	0.4	1.31	5.14	4.9	976	1220
Fr 07- 70	131.05	161.65	30.6	100.39	1.01	1.1	350	147
incl	146.75	148	1.25	4.1	3.04	2.5	597	1214
incl	149.4	150.1	0.7	2.3	6.39	4.5	1260	169
incl	160.15	160.65	0.5	1.64	20.5	29.7	4008	2844
	225.2	226.25	1.05	3.44	11.3	13.3	2756	71

Winter drilling at the Fran property was completed in early May. Altogether, 17 holes were drilled for more than 3,300 meters. The Company has now reported the first eight of these holes and the remaining results will be released as they become available.

Union Mine, Grand Forks, BC

By agreement dated September 11, 2006, the Company acquired an option to earn a 100% interest in 27 mineral claims located in the Greenwood Mining Division, Province of British Columbia. In consideration, the Company agreed to:

- i) pay \$30,000 (paid) and issue 175,000 common shares on the fifth business day after the granting of regulatory approval (issued);
- ii) pay \$15,000 on or before the first anniversary of the date of the agreement;
- iii) pay \$15,000 on or before the second anniversary of the date of the agreement;
- iv) pay \$15,000 on or before the third anniversary of the date of the agreement;
- v) pay \$15,000 on or before the fourth anniversary of the date of the agreement;
- vi) incurring exploration expenditures of not less than \$100,000 on or before October 31, 2008.

In the event the exploration expenditures spent are less than \$100,000 the Company may pay the difference before October 31, 2008.

By agreement dated September 11, 2006, the Company acquired an undivided 100% interest in eleven mineral claims known as Al Claims and Crown Grants, located in the Greenwood Mining Division, British Columbia. In consideration, the Company agreed to issue 125,000 common shares (issued).

By agreement dated September 11, 2006, the Company acquired an undivided 100% interest in four mineral claims known as Cat Claims located in the Greenwood Mining Division, British Columbia. In consideration, the Company agreed to issue 50,000 common shares on the fifth business day after the granting of regulatory approval (issued).

By agreement dated September 8, 2006, the Company acquired an undivided 100% interest in one mineral claim known as Doe 2, located in the Greenwood Mining Division, Province of British Columbia. In consideration, the Company agreed to pay \$5,000 (paid) and issue 100,000 common shares (issued).

December 6, 2006, the Company staked an additional 900 hectares of high mineral potential land surrounding the existing 1,650 hectares it already controls bring the total land area to 2,550 hectares.

On May 17, 2007 the Company announced that Aeroquest Limited completed a 347 line kilometre aerial geophysical survey on the Union Mine project.

The Union project contains the past-producing Union mine, one of the highest grade gold-silver deposits ever mined in British Columbia. A total of 122,555 tonnes of material was historically mined from the

Union mine, returning an average grade of 14.1 g/t Au and 353.4 g/t Ag (Note: these figures are taken from historical information that is believed to be reliable and do not conform with current NI 43-101 standards).

A considerable amount of previous exploration has been done on the property and eight zones of mineralization, including the Union vein, are known. Known styles of mineralization on the property include Union Mine type silicified zones/fissure veins, Tertiary epithermal quartz veins and breccia zones, "Black lead" type Cu-PGE mineralization associated with the Averill Group alkalic intrusives, and shear zones or contact metasomatic copper mineralization in Franklin Group volcanics and sediments.

The interpretation of the aerial survey, in conjunction with previous exploration data, will be used to direct a summer exploration program. With the large area covered by the property there is excellent potential to discover additional high grade zones of mineralization along strike with and/or similar to the historic Union Mine deposit.

Lever Lake and Thelon Properties, Northwest Territories

The Company has no further interest in proceeding with the Great Bear Option or the Thelon Option and will not be expending further funds on exploration of the Permits/Claims. Exploration expenses associated with these two properties have been written off this quarter.

Yankee Hat continues to focus on the development of its advanced gold prospects in British Columbia, the Fran and Union properties. By focusing its exploration expenditures on the gold properties the Company will be able to preserve capital and its share structure. Management is pleased with the continuing exploration success at the Fran and Union projects.

FINANCINGS

During the period, the Company completed a flow-through private placement with Mineral Fields Group. 6,277,775 units ("Units") were sold, for gross proceeds of \$1,130,000. Each Unit consists of one flow-through common share in the capital of the Company ("Share"), and one share purchase warrant entitling the holder to purchase one non flow-through Share, at a price of \$0.30 if exercised within the first year up to and including September 27, 2007, and at \$0.40 if exercised within the second year, from September 28, 2007 to up to and including September 27, 2008 ("Warrant"). The Company also issued an option to the finder, Limited Market Dealer Inc., to purchase a total of 627,777 Units in the capital of the Company, at \$0.18 per Unit (the "Option"). The Option expires on September 27, 2008.

The Units that are the subject of the Option have the same terms and conditions as the Units issued under the private placement, except the Shares forming part of the Units will not be flow-through Shares. All Shares issued pursuant to this private placement including any Shares issuable on the exercise of the Option or Warrants, have a hold period expiring January 28, 2007. The Company also paid a finder's fee and a due diligence fee in cash in connection with this placement, totalling \$104,412 (inclusive of all applicable taxes).

The proceeds of this financing will be used solely for exploration and development of the Company's mineral properties in British Columbia. The placement has received regulatory approval.

During the period, the Company completed a non brokered private placement of 1,393,501 flow-through units ("FT Units") at a price of \$0.18 per FT Unit for gross proceeds of \$250,830. Each FT Unit consisting of one flow-through common share and one non flow-through share purchase warrant ("Warrants"). Each Warrant shall entitle the holder thereof to purchase an additional non flow-through common share of the Company at \$0.30 per warrant up to and including December 5, 2007, and thereafter at a price of \$0.40 per warrant up to and including December 5, 2008. The Company paid \$13,086 in cash as a finder's fee. All common shares issued pursuant to this private placement together with any common shares issuable on the exercise of the Warrants have a hold period expiring April 6, 2007. The proceeds of this financing will be used solely for exploration and development of the Company's mineral properties in British Columbia.

SELECTED FINANCIAL INFORMATION

For the years ended July 31, 2006, 2005 and 2004 (\$)

Audited	2006	2005	2004
Total assets	2,368,300	1,984,956	393,654
Total Liabilities	135,538	92,169	113,511
Shareholders equity	2,232,762	1,892,787	280,143
Revenues	-	-	-
Major expense items			
Professional fees	122,621	82,409	85,053
Consulting fees	16,000	38,355	4,000
Office and rent	28,793	29,117	30,018
Management fees	108,000	153,349	30,000
Transfer agent and filing fees	12,955	36,849	30,790
Stock based compensation	1,225	45,600	26,250
Resource property written off	242,423	40,562	-
Write-down of loan receivable	30,744	-	-
Property investigation costs	700	5,637	-
Settlement of debt	-	-	30,968
Net income(loss)	(646,644)	(524,048)	(219,559)
Loss per share	0.02	0.03	0.02

By recent eight Quarters (\$)

unaudited	Apr 30 2007	Jan 31 2007	Oct 31 2006	July 31 2006	Apr 30 2006	Jan 31 2006	Oct 31 2005	Jul 31 2005
Total assets	3,414,074	3,401,252	3,318,002	2,368,300	2,257,805	1,830,610	1,884,920	1,984,956
Total liabilities	474,213	102,006	77,749	135,538	592,930	107,277	92,876	92,169
Shareholders equity	2,939,861	3,299,246	3,240,253	2,232,762	1,664,875	1,723,333	1,792,044	1,892,787
Revenues	18,636	8,916	4,716	4,491	-	7,993	653	-
Major expense items								
Professional fees	29,500	66,795	13,294	58,675	9,220	40,428	14,298	13,423
Management fees	27,000	27,000	27,000	27,000	27,000	27,000	27,000	84,363
Consulting fees	2,000	22,050	-	-	4,000	4,000	8,000	-
Office and rent	11,046	7,923	7,276	1,844	7,278	9,165	10,506	-9,642
Stock-based compensation	1,225	1,225	1,225	1,225	-	-	-	45,600
Transfer agent and filing fees	3,204	11,513	11,257	3,708	5,971	3,131	145	1,988
Net loss	423,424	179,976	108,403	398,482	78,708	68,711	100,743	30,548
Loss per share	0.002	0.005	0.02	0.02	0.01	0.00	0.00	0.00

OPERATIONS

For the three months ended April 30, 2007, operating expenses was relatively the same as compared to the same period in the prior year. The expenses with the most significant changes are consulting fees, transfer agent fees, professional fees and shareholder communications. Net loss for the three months ended April 30, 2007 was \$423,494 compared to \$78,708 for the prior year. The Company has no further interest in proceeding with the Great Bear Option or the Thelon Option and will not be expending further funds on exploration of the Permits/Claims. Acquisition costs and exploration expenses associated with these two properties totaling \$344, 793 have been written off this quarter.

Major administrative expenditures for the three month period ended are:

- 1) Office and rent \$11,046
- 2) Professional fees \$29,500
- 3) Management fees \$27,000
- 4) Shareholder communications \$10,526
- 5) Filing and transfer agent fees \$3,204
- 6) Consulting fees \$2,000

For the nine months ended April 30, 2007, operating expenses had increased as compared to the same period in the prior year. The expenses with the most significant changes are consulting fees, bank charges and interest, transfer agent fees, professional fees and shareholder communications. Net loss for the nine months ended April 30, 2007 was \$711,873 compared to \$248,162 for the prior year. The Company has no further interest in proceeding with the Great Bear Option or the Thelon Option and will not be expending further funds on exploration of the Permits/Claims. Acquisition costs and exploration expenses associated with these two properties totaling \$344, 793 have been written off.

Major administrative expenditures for the nine months ended are:

1)	Office and rent	\$28,857
2)	Professional fees	\$109,588
3)	Management fees	\$81,000
4)	Shareholder communications	\$90,884
5)	Filing and transfer agent fees	\$25,974
6)	Consulting fees	\$24,050

No contracts exist with respect to management fees, office, or rent.

Please refer to the Company's website www.yankeehatminerals.com for additional information on the Company's activities.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital is \$89,652 as at April 30, 2007. The Company has sufficient funds to meet its current commitments but may raise further funds by additional share issuances in the future.

RELATED PARTY TRANSACTIONS

For the nine months ended April 30, 2007, the Company incurred management fees of \$81,000 and consulting fees of \$20,000 with companies controlled by directors. The transactions are in the normal course of business.

OFF- BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company did not have significant revenues in its last three financial years.

DISCLOSURE CONTROLS AND PROCEDURES

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at April 30, 2007. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are effective in ensuring that information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

BOARD OF DIRECTORS

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Donald Gee B.Sc.(Geol), C.A. -Chairman
Conrad Lacker
Anne McCandless
Bradley Kitchen
Patrick McAndless B.Sc.(Hon. Geol), P. Geo

OFFICERS

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Donald Gee B.Sc.(Geol), C.A.- Chairman and Chief Executive Officer
Anne McCandless- Chief Financial Officer
Des Balakrishnan- Secretary