

LINEAR METALS CORPORATION
Management Discussion and Analysis
Quarterly Report - January 31, 2007

This Management Discussion and Analysis of Linear Metals Corporation (the "Corporation") provides analysis of the Corporation's financial results for the period ended January 31, 2007. The following information should be read in conjunction with the accompanying unaudited financial statements and the notes to the unaudited financial statements.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Corporation expects are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.1 Date of Report

This report is prepared as of March 28, 2007.

1.2 Nature of Business and Overall Performance

Linear Metals is a junior exploration company listed on the TSX Venture Exchange. The Corporation is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Corporation is currently focusing its exploration activities on its property holdings in Mexico. The Corporation owns or controls, under option, an interest in six properties, including four properties in Mexico through its subsidiary Linear Metal Corp Mexico, S.A. de C.V. and two properties in Canada.

On November 10, 2006, the Corporation completed a non-brokered Private Placement financing, issuing 3,500,000 units at a price of \$0.75 per unit, for gross proceeds of \$2,625,000. Each unit consisted of one common share and one-half warrant, and each whole warrant entitles the holder to purchase an additional common share at a price of \$1.00 per share until November 10, 2008. The proceeds of the financing will be used to increase the Corporation's level of exploration activities during Fiscal 2007.

During the quarter ended January 31, 2007, the Corporation incurred a loss of \$0.1 million. The Corporation continues to have no revenue-producing operations and expects its cash operating losses to total \$0.9 million in Fiscal 2007 as the Corporation expands the depth of its corporate resources and significantly increases the level of exploration activities. The Corporation is dependent on future equity financings to fund future operations and continue exploration programs.

1.3 Selected Annual Information

Expressed in thousands of Canadian dollars, except per share amounts.

Fiscal Year	2006	2005	2004
Revenues	\$ 4	\$ -	\$ -
Net loss	\$ 248	\$ -	\$ -
Basic & diluted net loss per share	\$ 0.02	\$ -	N/A
Total assets	\$ 2,148	\$ 946	\$ 876
Cash dividends per common share	N/A	N/A	N/A

This financial data has been prepared in accordance with Canadian generally accepted accounting principles, and all figures are stated in Canadian dollars.

The Corporation was incorporated on November 17, 2004 as a wholly-owned subsidiary of Linear Gold Corp. (“Linear Gold”) and was inactive prior to March 2006. The Corporation acquired mineral properties from Linear Gold during a corporate reorganization that occurred during the second quarter of Fiscal 2006, and the amounts reported for 2004 and 2005 represent “carve-out” accounting balances, as discussed in section 1.15.

Since the reorganization and distribution of the Corporation’s shares by Linear Gold, the Corporation has been operating as a stand-alone entity. The Corporation expects to record losses until such time as an economic resource is identified, developed and exploited on one or more of the Corporation’s properties and is anticipating an operating loss of approximately \$1.1 million during Fiscal 2007. The Corporation’s Net loss will be significantly affected by any write-down or abandonment of any resource properties in a given period.

1.4 Results of Operations

Three months ended January 31, 2007

During the period ended January 31, 2007, the Corporation incurred a net loss of \$146,249. Revenue of \$18,298 was recognized relating to interest earned on the Corporation’s cash balance during the period. Operating expenses during the year totaled \$143,277, including \$32,506 in Listing and regulatory costs, which were primarily comprised of regulatory costs associated with the Private Placement financing that occurred in November 2006, and \$44,729 in Management salaries and services, which includes \$20,000 for the cost of services performed by Linear Gold under the Corporation’s Management Services Agreement entered into in Fiscal 2006 and \$19,140 for director and officer insurance. The Corporation also incurred Investor relations and marketing costs of \$11,159 for marketing initiatives and investor shows undertaken during the quarter and Professional service fees of \$8,350. Other operating expenses included Office and administrative costs of \$1,280 and Travel costs of \$129. The Corporation also recorded a non-cash Stock option compensation expense of \$45,070 attributable to the value of stock options earned during the quarter and a non-cash amortization expense of \$54 for the depreciation of the Corporation’s capital assets.

The Corporation also incurred a currency exchange loss of \$21,270 relating to its foreign transactions. The Corporation may continue to incur foreign exchange gains and losses arising from changes in the value of Mexican and U.S. currencies used in the conduct of its business, relative to the Canadian dollar.

On January 22, 2007, the Corporation announced the appointment of Dr. Robert Page as Vice-President Exploration. Since that date, the Corporation has continued to recruit a dedicated exploration team for the Corporation and will officially open an office in Toronto in April 2007. The Company plans to significantly increase its level of activity and anticipates cash operating costs of \$0.3 million to \$0.4 million per quarter during the remainder of Fiscal 2007.

1.5 Summary of Quarterly Results

Expressed in thousands of Canadian dollars, except per share amounts.

	Fiscal 2007	Fiscal 2006				Fiscal 2005		
	Q1 Jan-07	Q4 Oct-06	Q3 Jul-06	Q2 Apr-06	Q1 Jan-06	Q4 Oct-05	Q3 Jul-05	Q2 Apr-05
Revenues	\$ 18	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	\$ 146	\$ 102	\$ 53	\$ 94	\$ -	\$ -	\$ -	\$ -
Basic & diluted net loss per share	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.05	\$ -	\$ -	\$ -	\$ -
Total assets	\$ 4,488	\$ 2,148	\$ 2,557	\$ 1,449	\$ 1,137	\$ 946	\$ 860	\$ 857

This financial data has been prepared in accordance with Canadian generally accepted accounting principles, and all figures are stated in Canadian dollars.

Prior to Linear Gold's reorganization and distribution of the Corporation's shares on June 26, 2006, the Corporation was a wholly-owned subsidiary of Linear Gold, and prior to March 2006, the Corporation was inactive. As discussed in section 1.3, the Corporation received its mineral properties during the second quarter of Fiscal 2006. As such, the quarterly asset amounts reported for Fiscal 2005 and the first quarter of Fiscal 2006 represent "carve-out" amounts and represent estimates made by management of the "carve-out" assets at that time.

1.6 Liquidity and Capital Resources

As of January 31, 2007, the Corporation had working capital of \$2.0 million. During the period ended January 31, 2007, the Corporation used \$0.1 million of its working capital to fund operating expenses. Net cash Resource property expenditures, including sales taxes recoverable on resource property expenditures, totaled approximately \$0.6 million, which were funded from the Corporation's working capital.

During the quarter ended January 31, 2007, financing activities resulted in net cash proceeds of \$2.5 million to the Corporation. The Corporation issued a total of 3,623,900 common shares and 1,811,950 common share purchase warrants during the quarter and incurred total financing costs of \$169,625.

During February 2007, the Corporation completed a Private Placement financing that resulted in the issuance of 5,750,000 units at a price of \$1.75 per unit for gross proceeds of \$10.1 million. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at a price of \$2.25 for a period of up to 24 months. In connection with this Private Placement, the Corporation incurred total common share issuance costs of \$568,438. Following completion of this financing, the Corporation's cash balance was approximately \$11.1 million.

The Corporation has revised its 2007 budget and plan following completion of the February 2007 financing and is now planning total resource property expenditures of approximately \$4,000,000 during Fiscal 2007, which will be funded from working capital. In the future, the Corporation expects to rely on additional equity financings and/or entering into joint venture arrangements in order to continue exploration on its properties. There can be no assurance that the Corporation will be able to obtain the required financing, and the failure to do so could result in the loss of its interest in its resource properties.

1.7 Off-Balance Sheet Arrangements

At January 31, 2007, the Corporation had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Corporation.

1.8 Disclosure and Internal Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to Management.

The Corporation has evaluated the design of its disclosure and internal controls and procedures over financial reporting, as defined under Multilateral Instrument 52-109, for the period ended January 31, 2007. This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer with the assistance of other corporate personnel to the extent necessary or appropriate. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of these disclosure and internal controls and procedures over financial reporting was effective. There have been no changes in internal control over financial reporting that have any material effect during the current quarter.

The Corporation has very limited administrative staffing and in many instances, the implementation of internal controls relying on segregation of duties is not possible. The Corporation relies on senior management review and approval to ensure that the controls are as effective as possible.

1.9 Critical Accounting Estimates

Critical accounting estimates used in the preparation of the consolidated financial statements include the Corporation's estimate of recoverable value of its mineral properties and related deferred expenditures. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Corporation's control.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Corporation's control and will depend upon a variety of factors, including the market value of the Corporation's shares and the financial objectives of the stock-based instrument holders.

The Corporation's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Corporation is in an industry that is dependent on a number of factors, including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

1.10 Changes in Accounting Policies Including Initial Adoption

In January 2005, the CICA released new Handbook Section 3855, "Financial Instruments – Recognition and Measurement" and Section 1530, "Comprehensive Income", effective for the interim periods and year ends for fiscal years commencing on or after October 1, 2006 on a prospective basis. The Corporation adopted these new standards on November 1, 2006 on a prospective basis.

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished.

Section 1530 establishes standards for reporting comprehensive income. These standards require that an enterprise present comprehensive income and its components in a separate financial statement that is displayed with the same prominence as other financial statements.

1.11 Transactions with Related Parties

There were no transactions with related parties during the quarter.

1.12 Financial Instruments and Other Risks

The Corporation's financial instruments consist of cash, receivables and accounts payable. Management does not believe these financial instruments expose the Corporation to any significant interest, currency or credit risks arising from these financial instruments, with the exception of the sales taxes recoverable. Virtually all of the sales taxes recoverable are with governments in a foreign jurisdiction. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

In conducting its business, the principal risks and uncertainties faced by the Corporation relate to exploration and development success as well as metal prices and market sentiment to a lesser extent.

Exploration for minerals and development of mining operations involve many risks, many of which are outside the Corporation's control. In addition to the normal and usual risks of exploration and mining, the Corporation often works in remote locations that lack the benefit of infrastructure and easy access.

The prices of metals fluctuate widely and are affected by many factors outside of the Corporation's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Corporation relies on equity financing for its long-term working capital requirements and to fund its exploration programs. The Corporation does not have sufficient funds to put any of its resource interests into production from its own financial resources. There is no assurance that such financing will be available to the Corporation, or that it will be available on acceptable terms.

1.13 Outstanding Share Data

a) Common Shares

The Corporation has authorized an unlimited number of common shares without par value.

At January 31, 2007, the Corporation had issued and outstanding 27,931,402 common shares with a recorded value of \$4,194,893.

At March 28, 2007, the Corporation has issued and outstanding 33,681,402 common shares with a recorded value of \$12,165,205 following a Private Placement financing that occurred subsequent to the end of the period.

The Corporation completed a non-brokered Private Placement on November 10, 2006 of 3,500,000 units at a price of \$0.75 per unit, for gross proceeds of \$2,625,000. Each unit consists of one common share and one-half warrant, and each whole warrant entitles the holder to purchase an additional common share at a price of \$1.00 per share until November 10, 2008. The units are subject to a hold period that expired on March 11, 2007. The Corporation allocated gross proceeds of \$2,275,000 to the common shares issued. Common share issuance costs associated with the financing totaled \$146,498 and included cash of \$55,535, 123,900 common shares valued at \$80,535 and professional fees of \$10,428. Gross proceeds of \$350,000 were allocated to the value of the warrants. Warrant issue costs totaled \$23,127 and included \$9,040 cash, 61,950 warrants valued at \$12,390 and professional fees of \$1,697. The Corporation will use the proceeds of the financing to increase the level of exploration activities in Fiscal 2007.

Subsequent to the end of the period, the Corporation completed a Private Placement financing that resulted in the issuance of 5,750,000 units at a price of \$1.75 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at a price of \$2.25 for a period of up to 24 months. In connection with this Private Placement, the corporation incurred total common share issuance costs of \$568,438.

b) Warrants

At January 31, 2007, the Corporation had 1,811,950 warrants outstanding with a value of \$339,263, with each warrant entitling the holder to purchase a common share at a price of \$1.00 per share until November 10, 2008.

At March 28, 2007, the Corporation has a total of 5,204,450 warrants outstanding with an average exercise price of \$1.78 per share. A total of 3,392,500 warrants exercisable at an average price of \$2.20 per share and expiring February 22, 2009

were issued in connection with a Private Placement completed subsequent to the quarter-end. This total included 345,000 Brokers Warrants exercisable at \$1.75 per Unit, with each Unit consisting of one common share and one-half of one common share purchase warrant exercisable at \$2.25 per common share until February 22, 2009.

c) Stock Options

At January 31, 2007, the Corporation had 2,290,000 stock options outstanding exercisable into common shares of the Corporation at an exercise price of \$0.76 per share.

At March 28, 2007, the Corporation had 2,440,000 stock options outstanding exercisable into common shares of the Corporation at an exercise price of \$0.82 per share.

1.14 Deferred Resource Property Expenditures

Details of the Company's Deferred Resource Property Expenditures during the three-month period ended January 31, 2007 are included in Schedule "A".

During Fiscal 2006, the Corporation received interests in the Cobre Grande and the La Morena properties, located in Mexico, and the Seymour Lake and KM61 properties, located in Canada, through a series of reorganization transactions with Linear Gold. The series of transactions resulted in the Corporation issuing 21,452,780 units, comprised of 17,162,223 common shares and 2,145,278 warrants of the Corporation, and cash of \$14,099 to complete the Reorganization.

The transfer of the Resource Properties to the Corporation did not result in a substantive change in ownership and therefore, in accordance with Canadian generally accepted accounting principles, the assets were recorded at Linear Gold's carrying value of \$1,100,017, with a carrying value of \$494,721 applied to the Corporation's La Morena property and \$565,183 applied to Seymour Lake / KM 61 ("Carve-out Carrying Value). The Corporation also recorded \$40,113 related to the Tierra Blanca property in Mexico, which was fully written off during Fiscal 2006 following the Corporation's termination of the option related to this property.

During the period ended January 31, 2007, the Corporation incurred Deferred exploration expenditures of \$0.4 million, of which approximately 90.5% related to property evaluation and drilling. 100% of the total Deferred exploration expenditures were incurred in Mexico, with 77% of the costs incurred on the Corporation's Cobre Grande property.

In December 2006, the Corporation received notice from Falconbridge that it would not maintain its interest in the KM61 property. Accordingly, the Corporation regained a 100% interest in the property.

During the current quarter, the Corporation's exploration activities were focused on the La Morena project in Coahuila, Mexico and the Cobre Grande project in Oaxaca, Mexico. At the Cobre Grande property, the Corporation completed a 3-hole drill program. Significant results from this program during the quarter included Hole CG-28, which encountered 270.7 metres containing 1.0% copper and 23.2 grams per tonne silver, including 48.2 metres containing 1.9% copper and 22.7 grams per tonne silver.

During the current quarter, the Corporation acquired two new projects in Mexico by entering into option agreements with the community of Santa Maria Ecatapac in the state of Oaxaca and with an individual owner for the La Lupita base metal-silver project in Sonora. The Corporation expects to begin exploration activities on these properties in the second quarter of Fiscal 2007.

The Corporation plans to significantly increase its level of exploration activities, with a focus on its properties in Mexico and an immediate emphasis on the Cobre Grande property. The Corporation will continue its drill program on the Cobre Grande property during the second quarter of Fiscal 2007 and expects to initiate an updated 43-101 report on the Cobre Grande property. The Corporation is also planning drill programs on the KM61 and La Morena properties later in the year. The Corporation plans to incur exploration expenditures totaling \$4,000,000 during Fiscal 2007.

1.15 Subsequent Events

On February 22, 2007, the Corporation completed a Private Placement financing that resulted in aggregate gross proceeds of \$10,062,500. The Corporation issued 5,750,000 units at a price of \$1.75 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at a price of \$2.25 for a period of 24 months. In connection with the Private Placement, the Corporation incurred cash financing costs of \$668,750. In addition, the underwriters were granted broker warrants exercisable for an aggregate of 345,000 units of the Corporation at an exercise price of \$1.75 per unit until February 22, 2009.

1.16 Other Information

Additional information regarding the Corporation is available on SEDAR at www.sedar.com.

LINEAR METALS CORPORATION

Schedule of Resource Properties
for the period ended January 31, 2007

Schedule "A"

Details of Resource Properties

	<u>Cobre Grande Mexico</u>	<u>La Morena Mexico</u>	<u>Mexico Other</u>	<u>Seymour Lake / KM61</u>	<u>Total 31-Jan-07</u>
Mineral Properties					
Balance, beginning of period	\$ -	\$ 494,721	\$ -	\$ 565,183	\$ 1,059,904
Expenditures during period	554	782	18,587	-	19,923
Balance, end of period	<u>\$ 554</u>	<u>\$ 495,503</u>	<u>\$ 18,587</u>	<u>\$ 565,183</u>	<u>\$ 1,079,827</u>
Deferred Exploration expenditures:					
Drilling	260,862	37,864	-	-	298,726
Geology	6,084	3,847	28,899	-	38,830
Property evaluation	45,878	887	22,629	-	69,394
	<u>312,824</u>	<u>42,598</u>	<u>51,528</u>	<u>-</u>	<u>406,950</u>
Balance, beginning of year	85,171	506,717	190,562	-	782,450
	<u>397,995</u>	<u>549,315</u>	<u>242,090</u>	<u>-</u>	<u>1,189,400</u>
Mineral properties and deferred exploration expenditures	<u>\$ 398,549</u>	<u>\$ 1,044,818</u>	<u>\$ 260,677</u>	<u>\$ 565,183</u>	<u>\$ 2,269,227</u>