Form 51-102F1
Interim Management Discussion and Analysis[1]
For
International Northair Mines Ltd.
("Northair" or the "Company")

Containing Information up to and including July 22, 2005

Overall Performance

International Northair Mines Ltd. ("Northair") is a mineral exploration company actively engaged in the acquisition, exploration and development of strategic mineral properties throughout North America with a particular focus in Mexico. It is classified as a Tier 1 company on the TSX Venture Exchange ("TSXV") and trades under the symbol "INM". In Mexico, exploration is conducted by its wholly owned subsidiary, Grupo Northair de Mexico, S.A. de C.V.

In addition Northair provides management and administrative services to other resource companies, including but not limited to, NDT Ventures Ltd, Stornoway Diamond Corporation, Sherwood Mining Corporation, Tenajon Resources Corp. and Troon Ventures Ltd. (collectively referred to herein as the "Northair Group" or the "Group"). Each company within the Group is related to the Northair through directors and/or shareholders in common. (See "Transactions with Related Parties").

The industry and economic factors affecting Northair are substantially unchanged from those set out in its Annual Management Discussion and Analysis ("Annual MD&A").

Operational Highlights

- The Company elected, due to disappointing exploration results and significant option payments, to terminate its agreement with four underlying vendors at its El Tesoro Project, Durango, Mexico. The Company continues to maintain its wholly owned concessions comprising nearly 3000 hectares, which surround the returned claims.

- The Company completed a program at Las Moras which included property reconnaissance mapping, rock chip sampling, a regional stream sediment survey, and closely spaced soil sampling. Encouraging results have been received from the soil sampling program completed

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[1] Note to Reader

Readers of the following Interim Management Discussion and Analysis ("Interim MD&A") should refer to the Company's audited financial statements for the year ended February 28, 2005 and the related Annual Management Discussion and Analysis ("Annual MD&A") dated June 14, 2005. The following Interim MD&A is an update to the Company's Annual MD&A.

This Interim MD&A should be read in conjunction with the Company's financial statements for the three months ended May 31, 2005 together with the notes thereto. The interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Forward-Looking Information

When used in this document, words like "anticipate", "believe", "estimate" and "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects and goals for the Company and therefore involve inherent risks and uncertainties. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in such statements.

over the La Ventana gold zone. The soil results imply that the zone could be significantly larger than the exposed La Ventana outcrop.

- A generative exploration program continues in Western Mexico.

Results of Operations

The Company's loss from operations for the quarter ended May 31, 2005 ($110,278) was slightly less than the loss in the same quarter of the previous year ($125,212). The loss was largely influenced by gains made from resource property option payments.

Gains from resource property option payments occur when cash and/or securities received during the period from property optionees exceed the resource property costs recorded in the books. During the quarter ended May 31, 2005, the Company recorded gains of $33,558 (2004 - $nil) from resource property option agreements. Most of the gain was attributed to the Sierria Rosario Property.

General and administrative expenses for the quarter ended May 31, 2005 ($64,484) increased only slightly more than the total in the same quarter in the previous year ($60,250). The increase can be attributed in part to the stock based compensation expense (2006 - $9,544; 2005 - $nil) recorded as a result of options granted during the quarter.

During the first quarter of 2006, investments in marketable securities were written down by $4,861 (2005 - $nil). All investments are recorded at the lower of cost or market value. Investments are written down to market value when the decline in market value is deemed to be other than temporary.

The Company capitalizes all acquisition and exploration costs until the property to which those costs related is placed into production, sold or abandoned. During the first quarter of 2006 the Company spent $81,849 (2005 - $447,693) to explore its resource properties. The decision to abandon a property is largely determined from exploration results, and the amount and timing of the Company's write-offs of capitalized resource property costs will vary in a fiscal period from one year to the next and typically cannot be predicted in advance. During the first quarter of 2006, the Company wrote-off capitalized resource property costs of $80,926 (2005 – $75,901). The write-offs were all associated with the generative exploration program. After a write-off of $80,926 the Company's capitalized resource property costs totaled $395,714 at May 31, 2005, a slight increase from the balance at the end of last year ($384,483).

Exploration Update

El Tesoro Project

During this first quarter, Northair elected to terminate option agreements on four privately held concessions at the **El Tesoro Project** in the state of Durango, Mexico. During the last two years, Northair has explored El Tesoro by field programs including geologic mapping, sampling, trenching and a twenty hole reverse circulation drill program totaling 1832 metres. The drill program tested portions of five of the seven known gold bearing zones, but results did not delineate cohesive continuity of high grade gold mineralization. Consequently, the Company has terminated high cost option agreements on the four privately held concessions. Northair still maintains its wholly owned concessions within the El Tesoro property, which total nearly 3000 hectares. These concessions cover the G Zone where no drilling has been conducted, but where surface trenching returned values of 18.86 g/t gold and 13.09 g/t silver over 12 metres. In addition, significant gold and silver stream sediment anomalies which lie on the Company's claims to the north, south and east of known mineralization, provide further potential on the wholly owned concessions.

Sierra Rosario Project

An exploration program is underway at the **Sierra Rosario** property, located in the state of Sinaloa, Mexico. The program is being conducted by Sparton Resources Inc. who have an option to earn a 51% interest by paying Northair $130,000 in cash, issuing 275,500 common shares, and incurring $800,000 in exploration by 2008. To date the Company has received $35,000 in cash and 75,000 Sparton shares. Northair's exploration staff discovered multiple zones of gold and silver mineralization during their preliminary exploration programs which concentrated primarily in the San Rafael Zone. First phase mapping and sampling by Northair within the San Rafael Zone returned an average of 181 g/t silver and 0.321 g/t gold from 23 chip channel samples. Sparton's ongoing field program has confirmed Northair's exploration results, and indicated that Sierra Rosario contains numerous other mineralized zones. Field programs completed to date by Sparton include a combination of geological mapping of the principal mineral zones, soil and stream sediment sampling, and reconnaissance prospecting to explore other areas of the property. Over 1000 samples have been collected to date with high grade gold–silver mineralization encountered in three separate zones, which have had historical production from small underground and open cut excavations. As well as the San Rafael Zone, Sparton has explored the La Josca and Las Tahunas zones of mineralization, which contain free gold and are at least partly responsible for the widespread placer gold occurrences in the southern portion of the property. Sparton is conducting an IP-Resistivity and VLF geophysical survey within selected areas of the property, as well as infill detail mapping and sampling of the currently defined mineralized zones. It is hoped that these programs will lead to the definition of drill targets.

Las Moras

During the quarter, the Company completed additional field programs at the **Las Moras Project**, located in the state of Durango, Mexico. Exploration programs included property reconnaissance mapping, rock chip sampling, a regional stream sediment survey, and closely spaced soil sampling. Encouraging results have been received from the soil sampling program completed over the La Ventana gold zone. Soil sampling completed on 25 metre centers within a surveyed grid has defined a > 0.1 g/t gold anomaly over an approximate 100 metre by 150 metre area. This anomaly remains open to the north and west, where steep topography has inhibited further sampling. Internal to this larger anomaly, is a >0.5 g/t area approximately 50 x 100 metres in size. The soil results imply that the zone could be significantly larger than the exposed La Ventana outcrop. Mineralization is exposed in an approximate 20 by 60 metre erosional window surrounded by overburden and volcanics. Although limited outcrop makes interpretation of the geometry of the occurrence difficult, mineralization appears to be controlled by bedding fractures within the volcanics, as well as a high angle cross cutting fault. Surrounding the La Ventana mineralized exposure are numerous outcrops of unaltered rhyolite volcanics that may overly mineralized intrusive. Elsewhere on the property, a separate zone of copper-lead-zinc mineralization occurs along the contacts of an intermediate porphyry dike intruding andesite volcanics. This mineralized zone averages about 30 metres in width where observed, and has been traced on the ground for over 300 metres and is open along strike. Four representative grab samples previously taken from this zone averaged 0.35% copper, 0.26% lead, and 0.96% zinc. No additional zones of mineralization have been discovered by the current program.

La Joya

Due to intensified project generative activities, no field programs were completed at the Company's **La Joya Project**, located in the state of Durango, Mexico. The property position covers an inferred rhyolitic domal complex, with several wide outlying sub-parallel wide rhyolitic dikes intruding volcanics. The dikes contain widespread high level epithermal multistage silicification with anomalous gold values. Within the dikes at least two distinct structures occur that have localized low sulfidation vein type gold and silver mineralization. Initial sampling from these structures has been positive with six samples returning gold values in excess of 1 g/t gold.

Generative Exploration Program

During the reporting period, the Company intensified the project generation program focusing within prospective mineral belts in Mexico. Our corporate objective remains to identify, explore and develop high grade as well as bulk tonnage gold deposits; however, silver and base metals opportunities are also evaluated. We utilize an effective strategy combining belt reconnaissance exploration, submittal solicitation, and evaluation of advanced stage projects to further our goals. Northair's reconnaissance program generally focuses in less explored yet highly prospective metallogenic provinces that we believe have a higher than average opportunity for significant discovery. This approach has resulted in the Company acquiring ten projects since Grupo Northair's inception, with significant funds expended for exploration by both Northair and its various exploration partners.

All field exploration programs are under the direction of Mr. Jim Robinson, Northair's Vice President, Exploration, who is a Qualified Person as defined by NI 43-101.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Northair and is derived from unaudited quarterly financial statements prepared by management. Northair's interim financial statements are prepared in accordance with Canadian generally accepted accounting principles and expressed in Canadian dollars.

Period	Revenues	Income or (Loss) from Continued Operation and Net Income (loss)	Basic Earnings (Loss) per share(1) from Continued Operation and Net Income (loss)	Fully Diluted Loss per share(1) - from Continued Operation and Net Income (loss)
1Q 2006	Nil	$ (110,278)	$ (0.01)	$ (0.01)
4Q 2005	Nil	(963,031)	(0.07)	(0.07)
3Q 2005	Nil	(137,198)	(0.01)	(0.01)
2Q 2005	Nil	(192,566)	(0.01)	(0.01)
1Q 2005	Nil	(125,212)	(0.01)	(0.01)
4Q 2004	Nil	(342,509)	(0.04)	(0.04)
3Q 2004	Nil	(58,248)	(0.01)	(0.01)
2Q 2004	Nil	(29,420)	(0.00)	(0.00)

(1) Based on the treasury share method for calculating diluted earnings.

The factors affecting the Company's quarterly results are substantially unchanged from those factors described in the Annual MD&A.

Liquidity

The Company's working capital as at May 31, 2005 was $976,497 consisting mostly of cash and cash equivalents. During the quarter the cash position decreased by $68,212 to $921,657. Cash provided by operating activities during the first quarter of 2006 totaled $9,979 a significant change from the first quarter of the 2005 when $131,872 was used in operating activities. Write-offs of resource property costs ($80,926), stock-based compensation ($9,544), gain from resource property option agreements ($33,558), write-down of investments ($4,861) and changes in current assets and liabilities represent the largest reconciling items from the statement of loss to the statement of cash flows from operating activities.

Cash used in investing activities totaled $75,389 (2005 - $451,616). The Company's principal investing activity is the acquisition and exploration of its resource properties. During the first quarter the Company expended $81,849 to acquire and explore its resource properties (2005 - $447,693). The Company also received property option payments of $15,000 (2005 - $nil).

The Company has a lease agreement for its office space. The minimum annual commitment for rental expenses (excluding operating expenses) for the leased premises is $52,960 until 2006. The Company offsets some of this contractual obligation through administrative services agreements with other companies (see "Transaction with Related Parties").

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependant on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and caliber of its management.

The Company currently has sufficient financial resources to meet its administrative overhead expenses and to undertake all of its planned exploration activities for the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate

At July 22, 2005 the Company had 1,250,000 stock options outstanding which, if exercised, would increase the Company's available cash by approximately $630,713.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Northair's general and administrative expenses and resource property costs is provided in the Company's Interim Consolidated Statement of Loss and Deficit and the Interim Consolidated Schedule of Resource Property Costs contained in its Interim Consolidated Financial Statements for May 31, 2005 and the audited annual financial statements dated February 28, 2005 that are available on Northair's website at www.northair.com/Northair/ or on its SEDAR Page Site accessed through www.sedar.com

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at July 22, 2005, there were 13,027,172 common shares issued and outstanding.

As at July 22, 2005, the following options outstanding:

Number	Exercise Price	Expiry
50,000	$0.21	August 15, 2005
75,000	$0.15	October 17, 2006
325,000	$0.25	July 17, 2007
5,000	$0.40	June 5, 2008
660,000	$0.69	October 21, 2008
20,000	$1.20	January 8, 2009
65,000	$0.40	June 17, 2009
50,000	$0.35	March 15, 2010
1,250,000		

As at July 22, 2005, the Company has 1,493,931 (February 28, 2005 – 1,493,931) warrants outstanding as follows:

Number	Price per share	Expiry date
1,493,931*	$0.80	September 30, 2005

* Represents the number of common shares to be acquired upon exercise.

Transactions with Related Parties

The Company provides management and administrative services to other resource companies, including but not limited to, NDT Ventures Ltd, Stornoway Diamond Corporation, Sherwood Mining Corporation, Tenajon Resources Corp. and Troon Ventures Ltd. (collectively referred to as the "Northair Group"). Each company within the Northair Group is related to the Company through directors and/or shareholders in common.

During the three months ending May 31, 2005, the Company had the following transactions with related parties:

a) Administrative recoveries of $89,701 (2005 - $89,763) are primarily recovered from various companies with certain directors in common.

b) Total salaries of $64,500 (2005 - $64,500) were paid to two directors of the Company. The Company recovered $51,665 (2005 - $40,997) based on time spent, from companies with certain directors in common.

c) During the period, directors and officers acquired Nil (2005 – 30,000) shares of the Company for proceeds of $Nil (2005 – $18,500).

d) The amounts due from (to) related parties are for expense reimbursements and are receivable from (payable to) various companies with directors in common. The amounts are non-interest bearing and are receivable (payable) within the following year, and therefore, have been classified as current

Changes in Accounting Policies

The Company made no changes in its accounting policies from those disclosed in its Annual MD&A.

Financial Instruments and Other Instruments

Northair's financial instruments consist of cash and short-term deposits, accounts receivable, amounts due to/from related parties, investments, reclamation deposits and accounts payable. Unless otherwise noted, it is management's opinion that Northair is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Approval

The Board of Directors of Northair has approved the disclosure contained in this Interim MD&A. A copy of this Interim MD&A will be provided to anyone who requests it.

Additional Information

Additional information relating to Northair is on SEDAR at www.sedar.com