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 21, 2006

Overall Performance

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. The Company is listed 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. (“Grupo Northair”).

In addition, Northair provides management and/or administrative services to other resource companies, including but not limited to, New Dimension Resources Ltd. (formerly NDT Ventures Ltd), Stornoway Diamond Corporation, Sherwood Copper 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 Northair through directors and/or officers in common. (See “Transactions with Related Parties”).

Operational Highlights

- At the Sierra Rosario Project in Sinaloa State, results from an ongoing sampling, geological mapping and geophysical survey program completed by Sparton Resources Ltd. (“Sparton”) during the fall of 2005 confirmed the presence of high grade gold, base metal and silver mineralization in three key areas of the property. In light of these results, an additional 590 hectare claim was staked and a drill program, conducted by Sparton comprising seven drill holes, was completed in May 2006.
- An option agreement on the El Tesoro Project was concluded in the Fall of 2005 whereby Compania Minera San Valentin, S.A. de C.V. (“San Valentin”) has agreed to pay the Company’s subsidiary, Grupo Northair, up to US$5,000 per month for the rights to explore the four property concessions and to mine the G Zone. San Valentin may purchase the G Zone for US$200,000 and the remainder of the concessions for US$300,000, with Grupo Northair retaining a back-in right for 49% of the G Zone.
- Pursuant to the Company’s generative exploration program in Mexico, in April 2006 the Company acquired a 3,500 hectare concession by staking and optioned a further 60 hectare concession near Durango, Mexico known as the El Reventon Project. A sampling program commenced immediately and additional geological mapping, sampling, trenching and geophysics are also planned for the property in the short-term.
- The Company’s generative program in Western Mexico is ongoing.

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[1] **Note to Reader**

This Interim Management Discussion and Analysis (“Interim MD&A”) should be read in conjunction with the Company’s audited financial statements for the years ended February 28, 2006 and 2005 and the Company’s unaudited, interim financial statements for the three months ended May 31, 2006 and 2005.

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.

Results of Operations

Period Ended May 31, 2006

The Company's loss for the period ended May 31, 2006 (the "**Current Period**") was $66,125, a loss of $0.01 per share as compared to a loss of $110,278 or $0.01 per share for the three months ended May 31, 2005 (the "**Comparative Period**"). Decreases in the size of the exploration costs written off (Current Period - $69,758; Comparative Period - $80,926) and an overall decline in administrative expenses (Current Period - $40,093; Comparative Period - $71,531) were the most significant factors affecting the decrease in the Company's loss from the Current Period to the Comparative Period.

General and administrative expenses decreased from $71,531 in the Comparative Period to $40,093 in the Current Period. Office, equipment rental and general expenses (including salary expense) decreased significantly, from $101,722 in the Comparative Period to $44,652 in the Current Period, mostly because the Company's employees and management increased the time devoted to managing the affairs of the Group companies during the Current Period with a resulting decrease in net salary and benefit expense as well as an overall decrease in the level of the Company's administrative expenses. Shareholder communications and investor relations also decreased from $23,579 to $13,216 in the Current Period for similar reasons. Professional fees increased slightly from $9,483 to $9,534 while regulatory compliance and transfer agent fees (Current Period - $2,617; Comparative Period - $10,579) decreased. Stock-based compensation decreased from $9,544 in the Comparative Period to $4,384 in the Current Period. Stock-based compensation expense is based on a fair value calculation, in which the size of the grant and the vesting terms as well as the Company's share price on the date of the grant affect the amount of stock-based compensation expense recognized. During the Current Period, the Company granted 20,000 stock options with an exercise price of $0.40.

Several other factors in the Current Period contributed to the decline in the Company's total loss of $66,125 (Comparative Period - $110,278), the most significant factor being the decrease in the size of the exploration property write-offs (Current Period - $69,758; Comparative Period - $80,926). In both periods, the exploration write-off related to general exploration in Mexico. In the Current Period, the Company recorded a gain of $42,134 (Comparative Period - $33,558) from the Sierra Rosario property option agreement with Sparton Resources Ltd. During the Current Period, the Company received a cash payment of $20,000 and 100,000 common shares of Sparton with a value of $26,000. The Comparative Period's foreign exchange gain of $7,047 was not repeated in the Current Period, as the Company recorded a foreign exchange loss of $2,324. In addition, interest income declined from $6,435 in the Comparative Period to $3,504 in the Current Period, a reflection of smaller cash balances available for investment. Gains from the sale of short-term investments (Current Period - $412; Comparative Period - $Nil) and the write-down of short-term investments (Current Period - $Nil; Comparative Period - $4,861) had a minimal impact on the Company's loss for the Current Period.

Details on the geographical segments are as follows:

	Canada		Mexico		Total	
	May 31, 2006	May 31, 2005	**May 31, 2006**	May 31, 2005	**May 31, 2006**	May 31, 2005
Loss for the period	**$ (45,851)**	$ (102,569)	**$ (20,274)**	$ (7,709)	**$ (66,125)**	$ (110,278)
Identifiable assets	**$ 895,910**	$ 1,388,103	**$ 380,255**	$ 397,273	**$ 1,276,165**	$ 1,785,376
Administrative expenses	**$ 36,521**	$ 64,539	**$ 3,572**	$ 6,992	**$ 40,093**	$ 71,531

Three Months Ending May 31, 2006

Results of operations for the three months ending May 31, 2006 (the "**Current Quarter**") with comparison to the three months ending May 31, 2005 (the "**Comparative Quarter**") are discussed in the previous paragraph entitled "Period Ended May 31, 2006".

Exploration Update

During the past fiscal year, the Company has continued its Mexican exploration focus. The generative program has been intensified and has successfully identified several potential acquisition candidates, including the recently acquired El Reventon property in Durango, Mexico. Exploration activities also continued on the Sierra Rosario property (optioned to Sparton) and the El Tesoro concessions (optioned to San Valentin).

Overview

Utilizing its subsidiary, Grupo Northair, the Company maintains a 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. Although global competitor activity has increased in recent years with increased commodity prices, Mexico remains relatively under-explored. Northair's reconnaissance program, in contrast to the majority of our competitors, generally focuses in less explored yet highly prospective metallogenic provinces that we believe have a much higher opportunity for significant discovery. This approach has resulted in the Company acquiring eleven projects since Grupo Northair's inception, with significant funds expended for exploration by both Northair and its various exploration partners.

El Reventon Project

In April 2006, the Company acquired the El Reventon Project near Durango, Mexico. This concession comprises approximately 3,500 hectares acquired by staking and a further 60 hectares which is the subject of an option agreement. The Company may acquire a 100% interest from the optionor by making payments totaling US$150,000 over a four year period. El Reventon was identified as an acquisition target by exploration staff early in 2006 as part of the Company's generative exploration program. Initial sampling reported very encouraging silver-lead-zinc mineralization from the El Reventon breccia occurrence. Further reconnaissance and sampling programs in the area also revealed the presence of a number of high grade silver-lead-zinc vein systems as well as potential for other bulk tonnage deposits.

El Reventon is located in the municipality of Otaez, Durango and is approximately 170 kilometres northwest of the capital city of Durango. Road access is good. The El Reventon Project lies within the Sierra Madre Occidental geological province and a highly prospective mineral belt that includes the mines and districts of Bacis, Montoros, Metates, La Cienega and Topia. The property position controls a series of occurrences aligned along a northeast trending belt consisting of Upper Jurassic low grade metasedimentary rocks overlain by andesite and rhyolite volcanics belonging to the Inferior and Superior Super Groups intruded by numerous dykes and stocks. The Company's initial exploration has been focusing primarily on the El Reventon breccia which contains mineralization in an intensely altered andesite porphyry. Initial reconnaissance chip sampling from the breccia averaged 164 g/t Ag, 0.81% Pb, and 1.43% Zn from significant sample lengths.

In May 2006, additional continuous chip sampling was conducted by the Company along natural outcrops and exposures along an access road over the El Reventon breccia. A total of 44 samples were taken within the breccia along 5 sample lines, reporting an average of 118.9 g/t silver, 0.82% lead, and 0.91% zinc. Results from the individual sample lines are summarized in the following table:

SUMMARY

SAMPLE LINE	INTERVAL (m)	AVERAGE SILVER (G/T)	AVERAGE LEAD (%)	AVERAGE ZINC %
1	**48**	**101.6**	**0.87**	**0.75**
1A	18	98.1	0.88	2.29
1B	8	112.0	2.09	1.28
2	**52**	**166.5**	**0.73**	**0.85**
2A	15	45.6	0.35	0.55

Sample Line #1 is the most northerly of the lines, and is oriented east-northeast. Sample Line #2 ranges from 20 to 50 metres south of Sample Line #1, and is oriented north easterly. The majority of the individual samples within the lines are three metres in length. Sample Lines #1A, #1B and #2A sampled limited outcrop in the vicinity of the two major sample lines. Sample Line #1 is open to the east where covered by talus, with the last sample reporting 46.6 g/t silver, 1.48% Pb and 0.64% Zn. Sample Line #2 is open to the west, with the last sample reporting 284 g/t silver, 3.97% Pb and 0.13% Zn. Additional sampling is planned along these lines. Mechanical or hand trenching will be required.

The El Reventon breccia is a high sulfide occurrence hosted within an intensely altered andesite porphyry intruding andesite tuff and agglomerate. Outcrops of the porphyry display intense hydrothermal brecciation, with micro and macro breccia textures. The entire exposed zone has strong epithermal silica flooding and replacement within the matrix and breccia fragments. Mineralization occurs as disseminations, veining, stockworking, and aggregates of coarse pyrite, galena and sphalerite, contained within the intrusive as well as the adjacent volcanics. The exposed outcrop of the intrusive and mineralized breccia is an irregular shape with surface dimensions of approximately 50 by 70 metres. Company geologists believe that the El Reventon breccia could be significantly larger than currently exposed, due to extensive cover by Quaternary deposits. In addition, the depth potential is considered excellent. The Company currently plans a program of geological mapping, sampling and trenching and ground geophysics to better define the breccia. Positive results from these programs could lead to drilling.

Exploration is also currently underway to evaluate other mineral occurrences within the property as well as investigating the source of strong silver, lead and zinc stream sediment anomalies from the southern portion of the property.

<u>Sierra Rosario Project</u>

In April of 2002, the Company staked a concession covering the Sierra Rosario Project in the state of Sinaloa. The Sierra Rosario property lies along the western flanks of the Sierra Madre Occidental geological province approximately 40 kilometres east of Alamos, Sonora. The project was optioned to Sparton in early 2004. Sparton can earn a 51% interest in the project by paying Northair $130,000 in cash, issuing 275,000 common shares and incurring $800,000 in exploration expenditures over a four year period. To-date, the Company has received cash payments of $55,000 and 175,000 common shares of Sparton. The option agreement remains active and in good standing.

Sierra Rosario contains basement rocks of Laramide age granodiorite overlain by weakly metamorphosed andesite belonging to the Lower Volcanic Complex. These rocks are overlain by Cretaceous massive limestone and calcareous sandstone, and younger rhyolite ignimbrite belonging to the Upper Volcanic Complex. Intrusive rocks consisting of intermediate porphyry dikes and a large intensely altered rhyolite porphyry are exposed at the San Rafael Zone. Northair's exploration staff discovered multiple zones of gold and silver mineralization during preliminary exploration programs. Some of these zones have small scale mine workings and there are over 100 pits within the alluvium where gambusinos have mined gold.

Northair's field programs concentrated primarily in the San Rafael Zone which contains strong epithermal silver with gold mineralization within an intensely altered rhyolite porphyry having a surface expression of approximately 200 by 70 metres. 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 mineralized zones. In the fall of 2005, Sparton completed a sampling, geological mapping and geophysical survey program on the property. Each of the three separate zones of mineralization explored by Sparton, referred to as La Josca, Las Tahunas and San Rafael, are areas of historical production from small underground and open cut excavations. The La Josca and Las Tahunas zones of mineralization, which contain free gold, are at least partly responsible for the widespread placer gold occurrences in the southern portion of the property.

The work initially completed by Sparton involved electrical and magnetic geophysical surveys to systematically cover these areas as well as detailed soil sampling along the zones to extend them through overburden covered areas. The program involved the collection of 565 soil and stream sediment samples, 60 rock and chip samples and approximately 20 line kms of geophysical surveys. The geophysical data and analytical results confirm the presence of high grade gold, base metal and silver mineralization in the three key areas of the property. The magnetic and electrical surveys have established distinct geophysical signatures for the mineralization in each area: San Rafael (northern), Las Tahunas (central), and La Josca (southern).

The San Rafael Zone is the principal target area on the property and the geophysical work, in particular the magnetic survey, delineated a well defined magnetic anomaly associated with the San Rafael rhyolite porphyry body and also located a similar anomaly which is covered by upper volcanic series tuffs and may represent a new buried intrusion. Both skarn and structurally controlled mineralization containing barite, copper, gold, and silver are present in the area and values of up to 7.28% Cu and 13 g/t gold were obtained from samples taken from boulders in a gully below an old mine dump. Strong base/precious metal mineralization is located in a shear fracture zone east of the main rhyolite intrusive as well as in fault zones associated with rhyolite dykes in limestone on the east side of the property where there is a large multi element soil anomaly. An access trail has been completed to the Zone and drilling of the targets in this area will commence later this season when a reliable water supply becomes available after seasonal rains fill local reservoirs.

Work at the La Josca Zone succeeded in extending this mineralized zone to over 1.1 km in strike length. The zone is characterized by a wide pyritic gossan zone with strong silicification and quartz veining and widths from 8 to 30 meters. A moderate VLF anomaly is associated with the central 400 meter long section of the zone and is coincident with a strong gold in soil geochemical anomaly (values over 400 ppb). The mineralization contains up to 1.8 % copper in grab samples, and gold values from the current program taken from grab samples of boulders along the mineralized trend range from 1.0 g/t up to 16.4 g/t gold.

The soil sampling and geophysical surveys over the Las Tahunas Zone disclosed a distinct electrical (VLF) anomaly approximately 200m long. It is located along strike with mineralization found in a trench near high grade (up to 33g/t gold) mineralization from boulders associated with the old mine workings.

After reviewing the results of this exploration program, the Company and Sparton filed an application to increase the size of the claim holdings by 590 hectares to 1,090 hectares. The new claim area will cover the extensions of the San Rafael Zone indicated by the geophysical surveys which now appear to be substantially larger than initially estimated. The new holdings may host both skarn type carbonate replacement deposits as well as the extensions of the known vein-structure hosted mineralization.

The Company has been informed that Sparton recently completed a seven hole drill program to test high priority targets in the La Josca Zone. The holes have tested a 500-metre-long portion of the 1.1-kilometre-long La Josca structure. The structure was intersected in all holes with the best results of 2.62 g/t gold over a one-metre core length in hole 7 and 1.12 g/t gold over a one-metre core length in hole 3. Additional mapping and trenching will be required to better establish geological controls for the gold mineralization.

El Tesoro

The El Tesoro Project, located in the state of Durango, was acquired in February of 2003. The project was identified during the Company's ongoing generative exploration program. Seven distinct zones of mineralization have been defined containing classic gold bearing, low sulfidation, epithermal quartz veins and associated stockworking and breccias. Between 2003 and 2005, Northair explored El Tesoro by field programs including geologic mapping, sampling, trenching and a twenty hole reverse circulation drill program totaling 1,832 metres. The drill program tested portions of five of the seven known gold bearing zones. Results were positive, with four of the five zones reporting gold and silver values. The drilling program did not however, delineate cohesive continuity of high grade gold mineralization. Consequently, the Company terminated the high cost option agreements on four privately held concessions as of March 2005. The Company continues to maintain 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. In September 2005, the Company's wholly owned subsidiary, Grupo Northair, entered into a letter of intent with San Valentin, which allows San Valentin to lease the Company's remaining El Tesoro concessions.

Under the proposed agreement with San Valentin, after an initial due diligence period, San Valentin will pay Grupo Northair US$2,000 per month for the rights to explore and mine the G Zone and US$3,000 per month for the rights for the remainder of the concessions; for a total of US$5,000 per month. It is anticipated that the lease will run for a period of 15 years, during which time San Valentin has the option to purchase the G Zone for US$200,000 and the remainder of the concessions for US$300,000 for a total purchase price of US$500,000. Grupo Northair retains a back in right for 49% of the G Zone if San Valentin exercises the purchase option. During the term of the lease, San Valentin will be responsible for all taxes, permitting and environmental aspects of the concessions. In April 2006, the terms of the agreement were modified slightly to allow San Valentin to make lease payments totaling US$15,000 between May and September 2006 (no mining will take place on the G Zone until September) at which time the original terms of the agreement will take effect.

San Valentin has notified the Company that it plans to mine several zones of mineralization identified by Grupo Northair, and to continue exploration of the land position. Some material will be processed at San Valentin's nearby milling facility at Calaveras, Durango, for recovery of gold and silver, while other material may be heap-leached on site in the El Tesoro area.

Las Moras

The Las Moras Project was acquired in October, 2003 as a result of Northair's generative exploration program. The Company has returned the optioned claims to the vendor and has elected not to renew the staked concession. In anticipation, the Company wrote-off accumulated acquisition and exploration costs of $45,803 during the year ended February 28, 2006.

La Joya

The La Joya Project is located in the state of Durango, and lies within the central portion of the Sierra Madre Occidental geological province. The property was identified as a prospective gold target during the Company's regional generative program and staked during the year ending February 28, 2005. The Company conducted limited exploration work on the property over the term of its tenure. The Company decided that no further exploration work on the property was warranted and it did not pay the taxes due on the property in July 2006 to keep the property in good standing. In anticipation of this decision, the Company wrote-off accumulated acquisition and exploration costs of $8,454 during the year ended February 28, 2006.

Risks and Uncertainties

The risks and uncertainties faced by the Company are substantially unchanged from those disclosed in the Company's Annual MD&A dated June 16, 2006.

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 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 2007	Nil	$ (66,125)	$ (0.01)	$ (0.01)
4Q 2006	Nil	(81,968)	(0.01)	(0.01)
3Q 2006	Nil	(145,678)	(0.01)	(0.01)
2Q 2006	Nil	(257,552)	(0.02)	(0.02)
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)

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

The Company's exploration activities are seasonal, with less work conducted in Mexico during the summer months due to the rainy season. Accordingly, the Company's administrative expenses will typically decline for the same period. The Company's practice is to write-off resources properties when the property is of no further interest and displays limited economic potential. These write-offs affect the Company's quarterly results.

In addition, the Company's quarterly results from operations are also affected by the market for securities. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned exploration projects will also typically increase. Stronger capital markets in 2006 and 2005 allowed the Company to realize gains from the sale of investments during the years ending February 28, 2006 ($118,353) and February 28, 2005 ($31,731). These gains help to offset the Company's administrative expenses, and contribute to an overall reduction in the Company's reported quarterly and annual losses.

Liquidity

Working capital as at May 31, 2006 was $697,542 as compared to $781,784 at February 28, 2006. During the Current Period, cash and cash equivalents decreased by $266,312 to $416,095 at May 31, 2006 (Comparative Period - $921,657). Included in the ending cash balance of $416,095 is $5,000 held for reclamation deposits and $65,893 held as collateral for the corporate credit cards.

The reduction in cash and working capital can be attributed primarily to the expenditures on resource properties in Mexico (Current Period - $112,352; Comparative Period - $81,849) and to cash used in operating activities (Current Period - $180,496; Comparative Period - $7,177 provided by operating activities). Write-offs of resource property costs (Current Period - $69,758; Comparative Period - $80,926) and gains from property option agreements (Current Period - $42,134; Comparative Period - $33,558) represented the largest non-cash items affecting net income for both the Current and Comparative Periods.

Cash used in investing activities totaled $93,866 (Comparative Period - $75,389). The Company's principal investing activity is the acquisition and exploration of resource properties. In the Current Period, the Company received $6,872 (Comparative Period - $Nil) from the sale of investments. Acquisition of property, plant and equipment used $1,926 (Comparative Period - $6,955) during the Current Period.

Cash flows from financing activities were $8,050 (Comparative Period - $Nil) in the Current Period from the exercise of stock options.

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 and develop economically viable mineral deposits. Exploration is a lengthy process that 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, from the exercise of convertible securities and, in the past, from the sale of investments. Although the Company has had past success in obtaining financing, there can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, 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 and foreign exchange fluctuations. 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.

The Company has a lease agreement for its office space. The minimum annual commitments for rental expenses are as follows:

2007	$	131,365
2008		132,973
2009		142,851
2010		135,044
2011		135,044
Total	$	677,277

In addition to the basic monthly rent, the Company must also pay a proportionate share of the building's operating costs and property taxes. The Company has a sub-lease agreement with Strongbow Exploration Inc., a company with an officer in common. The Company may recover approximately two-thirds of the minimum annual rent commitment pursuant to this sub-lease agreement. In addition, the Company offsets some of this contractual obligation through administrative services agreements with other companies (see "Transactions with Related Parties").

Future minimum lease payments for leased equipment total $8,464 in 2007 and $4,484 in 2008.

Transactions with Related Parties

The Company provides management and/or administrative services to other resource companies, including but not limited to, New Dimension Resources Ltd. (formerly NDT Ventures Ltd.), Stornoway Diamond Corporation, Sherwood Copper 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 officers in common.

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. During the Current Period, the Company had the following transactions with related parties:

a) Administrative recoveries of $41,846 (Comparative Period - $89,701) are primarily recovered from various companies with certain directors in common.

b) Total salaries of $67,500 (Comparative Period - $64,500) were paid to two directors of the Company. The Company recovered $73,932 (Comparative Period - $51,665) based on time spent, from companies with certain directors in common.

c) The amount of $Nil (February 28, 2006 - $87,500) is due to a company with a director and officer in common for the exercise of a stock option.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by all the related parties.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and short term deposits, accounts receivable, amounts due from related parties, investments, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company 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.

Additional Information

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

Disclosure controls

The Company's Chief Executive Officer and Chief Financial Officer (the "**Certifying Officers**") are responsible for establishing and maintaining disclosure controls and procedures ("the **Procedures**") which provide reasonable assurance that information required to be disclosed by the Company under regulatory legislation (the "**Required Filings**") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Certifying Officers evaluate the effectiveness of the Company's Procedures on a regular basis throughout the year and have concluded that the Procedures in place as of the end of the period covered by the Required Filings are effective in providing reasonable assurance that material information relating to the Company is accumulated and communicated to management and reported within the time periods specified.

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 Consolidated Statement of Loss and Deficit and the Consolidated Schedule of Resource Property Costs contained in its interim, Consolidated Financial Statements (unaudited) for the three months ended May 31, 2006 and 2005 and in the Company's audited, Consolidated Financial Statements for February 28, 2006 and February 28, 2005. These documents 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

Common Shares

Northair's authorized capital is unlimited common shares without par value. As at July 21, 2006, there were 13,112,172 common shares issued and outstanding. As at July 21, 2006, the Company had no warrants outstanding.

Options

As at July 21, 2006, the Company had 1,260,000 incentive stock options outstanding as follows:

Number	Exercise Price	Expiry Date
75,000	$ 0.15	17-Oct-2006
325,000	$ 0.25	17-Jul-2007
5,000	$ 0.40	5-Jun-2008
635,000	$ 0.69	21-Oct-2008
65,000	$ 0.40	17-Jun-2009
50,000	$ 0.35	15-Mar-2010
85,000	$ 0.23	14-Sep-2010
20,000	$ 0.40	21-April-2011
1,260,000		

All of the outstanding options had vested as of July 21, 2006.

Changes in Accounting Policies

There were no changes to the Company's accounting policies during the Current Period.

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.