

GINGER BEEF CORPORATION

Management's Discussion and Analysis

For the quarter ended September 30, 2005

The following is management's discussion and analysis ("MD&A") of the operating and financial results of Ginger Beef Corporation for the quarter ended September 30, 2005. The information is current to November 25, 2005 and has not been reviewed by the Corporation's auditor. The third quarter results have been compared to the same period in 2004. The discussion and analysis should be read in conjunction with the Corporation's audited consolidated financial statements for the years ended December 31, 2004 and 2003, together with the accompanying notes, and the December 31, 2004 MD&A. These documents and additional information about Ginger Beef Corporation are available on SEDAR at www.sedar.com. This discussion and analysis may contain forward-looking statements about the Corporation's future prospects, and the Corporation provides no assurance that actual results will meet management's expectations.

Description of business

The Corporation was incorporated under the Business Corporation Act (Alberta) on April 26, 2000 and was listed on the Canadian Venture Exchange ("CVE") effective June 1, 2001 as a Capital pool Company ("CPC") and has continued on the TSX Venture Exchange.

On September 13, 2002, the Corporation changed its name to Ginger Beef Corporation and completed its Qualifying Transaction to acquire all of the outstanding shares of Ginger Beef Express Ltd. ("Express"). The transaction and the name change were accepted by TSXV and effective September 27, 2002 at the opening, the common shares of the Corporation commenced trading on the TSXV and the common share of AVIC Technologies Inc. delisted. As a result of the acquisition of Express, the transaction has been accounted for as a reverse takeover with Express being the acquiring company since the original Express shareholders now own the majority of shares in the Corporation. In accordance with reverse takeover accounting, the financial statements are a continuation of Express in that the capital structure reflects that of the Corporation and the stated value of the share capital is that of Express.

Ginger Beef Corporation (the "Corporation") is a food company based in Calgary, Alberta. Through two wholly owned subsidiaries, Ginger Beef Express Ltd., ("Express") and Ginger Beef Choice Ltd., ("Choice"), Express oversees a number of franchised take out/delivery service restaurants in Alberta while Choice produces a number of frozen and ready to serve deli Chinese food products. After the modernization of its new facility in the winter of 2002, the Corporation has been certified and granted a license by the Canadian Food Inspection Agency. As a result, the Corporation is now able to ship its products, fresh or frozen, to all provinces in Canada.

The Corporation has been actively involved in product developments, both new products and product improvement, in order to maintain and/or increase its market share.

Discussion of Operations and Financial Condition

During the nine-month period ended September 30, 2005, the Corporation had net earnings of \$128,694 as compared to \$63,912 for the same period in 2004. The respective net earnings and explanations of the period over period changes are broken down as follows:

- Wholesale revenue of \$1,827,417 in the quarter increased from \$1,338,310 in the same period of 2004. The 36% increase reflects constant increase in consumer demand for our products and orders from new customers. During the first nine months of 2005, wholesale revenue of \$5,386,218, an increase of 46% from that of the same period in 2004 - \$3,688,121
- Gross margin from production is 16% in the quarter decreased from 28% in Q3 of 2004 as a result of increase in fuel cost, cost of material and labour cost while in Q3 of 2004 cost of beef came down substantially due to mad cow disease. On September 1, 2005, minimum wages in Alberta increased to \$7.00 from \$5.90, a 20% increase. For the first nine months of 2005, gross margin decreased by 4.45% when compared to 2004.
- General and administrative expenses in the third quarter improved by 14.6% compared with the same period of 2004. For the first nine months of 2005, G & A expenses improved by 4% when comparing with the same period of 2004.
- Total interest expenses relating to long term debt and capital lease obligations of \$22,438 decreased from \$30,580 in Q3 of 2004. For the nine months of 2005, interest expenses of \$73,321 compared to \$90,532 of the same period in 2004.
- Marketing and promotions of \$5,480 in the quarter increased from \$3,558 in the same period of 2004.
- Draw down of the future tax asset of \$30,000 was recorded during the quarter. The draw down is a result from applying the available losses carried forward against the taxable income of the quarter.
- Other revenue earned during the quarter consisted of \$2,193 on sale of the 2004 chicken quota allotment and \$4,192 assistance from the Market Technology Program administered by the Food Beverage Canada.

Financings

On March 17, 2005 the Corporation received a loan from Farm Credit Canada ("FCC") in the amount of \$27,675 with an interest rate of 7.5% compounded monthly. The loan has a 36 months repayment term secured by the specific equipment purchased with the loan proceeds.

On July 27, 2005, the Corporation received approval of a loan from FCC in the amount of \$74,000 with an interest rate of 6.75% compounded monthly. The loan has a 48 month repayment term secured by the specific equipment purchased with the loan proceeds. A total of \$6,100 has been drawn from this loan as a down payment towards a machine on order.

Liquidity and solvency

As at September 30, 2005, the Corporation has working capital of \$388,672 which management believes is sufficient to enable the Corporation to meet its ongoing obligations as they come due. Management has been actively exploring various avenues in obtaining additional financing for cash flow purposes to prepare for the added requirements when the anticipated new purchase orders start rolling in.

Investor relations

The Corporation is currently in search of an agent that would act as investor relations.

Related parties transactions

All transactions with related parties during the period are all considered to be in the normal course of business at regular rates and terms. Please refer to Note 4 in the Audited Financial statements for the year ended December 31, 2004.

Changes in Accounting Policy

There were no changes in Accounting Policy during the period. In 2003, the Corporation adopted the amended recommendations of Section 3870 prospectively which requires the expensing of all stock-based payment for employees as well as non-employees. This recommendation was adopted effective January 1, 2003 and is applied to awards granted on or after the date of adoption.

Critical accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (“GAPP”) requires the Corporation to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet dates, and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is acquired, and are subject to change.

The Corporation follows accounting guidelines in determining the value of stock-based compensation, as disclosed in 14 of the audited financial statements for the year ended December 31, 2004. This calculated amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make several assumptions as to future events: 1) estimate the average future hold period of issued stock options before exercise, expiry or cancellation; 2) future volatility of the Corporation’s share price in the expected hold period (using historical volatility as a reference); 3) and the appropriate risk free rate of interest. The resulting value is not necessarily the value which the holder of the option could receive in an arm’s length transaction, given that there is no market for the options and they are not transferable. It is management’s view that the value derived is highly subjective and dependent entirely on the input assumptions made.

In calculating amortization expense, the Corporation makes estimates about the expected future life of capital assets. These estimates may be revised as new information is obtained.

Chicken Tariff Rate Quota

2004 chicken tariff rate quota for 2004 had been assigned to the Corporation for use in 2005. The Corporation sold its Non-import Control List (white meat) allocation to a third party for \$2,193 during the quarter.

Outlook

Ginger Beef will continue to focus in reducing its cost of production and to continue its effort to penetrate the larger Eastern Canadian market in the quarters to come and also has been exploring for potential new business.

Selected annual information

	2004	2003	2002
Wholesale revenue	\$5,375,551	\$ 3,827,673	\$ 930,498
Gross margin	20%	22%	7%
Net earnings (loss)	468,275	(87,524)	(409,424)
Basic and diluted loss per share	0.03	(0.01)	(0.04)
Total assets	3,420,100	2,847,415	2,659,805
Total long-term financial liabilities	1,233,133	1,117,203	1,203,537

Summary of quarterly results

	Net earnings (Net loss)	Basic & diluted earning/ (loss) per share
Q3 2005	33,818	0.002
Q2 2005	48,889	0.003
Q1 2005	45,987	0.003
Q4 2004	404,363	0.030
Q3.2004	105,407	0.010
Q2 2004	(64,462)	-
Q1 2004	22,967	-
Q4 2003	136,356	0.010
Q3 2003	23,128	-
Q2 2003	(45,884)	-
Q1 2003	(201,124)	(0.01)
Q42002	(284,569)	(0.02)
Q3 2002	(81,601)	(0.01)
Q2 2002	(21,151)	-
Q1 2002	(22,103)	-

Forward-looking information

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Corporation to implement its strategic initiatives, government and regulatory decisions, plant availability, competitive factors in the food industry and the prevailing economic conditions in Canada. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “plan”, “estimate”, “expect”, “may”, “project”, “predict”, “potential”, “could”, “might”, “should” and other similar expressions. The Corporation believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. The forward-looking statements speak only to the date of the MD&A. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.