QUEENSLAND MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 2ND QUARTER ENDED JUNE 30, 2008

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Queensland Minerals Ltd. (the "Company" or "QML"), dated August 28, 2008, covers the 2nd quarter ended June 30, 2008 and should be read in conjunction with the unaudited consolidated financial statements and related notes for the three-month period ended June 30, 2008 (the "June 30, 2008 consolidated financial statements"). Readers should also refer to the Company's MD&A for the year ended December 31, 2007 and the audited consolidated financial statements for the years ended December 31, 2007 and 2006.

The June 30, 2008 consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") following the same accounting policies and methods of computations as the consolidated financial statements for the years ended December 31, 2007 and 2006, except for the adoption of new disclosure standards on Capital and Financial Instruments, as more fully described in the section entitled Changes in Accounting Policies.

All financial results are expressed in Canadian dollars unless otherwise indicated.

BUSINESS OVERVIEW

The Company is engaged in the business of mineral exploration in Queensland, Australia through its wholly-owned subsidiaries, Queensland Minerals (Australia) Pty Ltd. ("QMA") and Asmam Pty Ltd. ("Asmam"). Its objective is to discover and develop mineral properties of merit. The Company is in the process of exploring its mineral projects and has not yet determined whether these properties contain mineral resources or mineral reserves. To this date, the Company has not generated any revenues from operations.

Exploration Activities

The Company incurred total exploration costs of $1,865,807 during the 2nd quarter ended June 30, 2008, compared to $348,041 during the corresponding period in 2007, when the Company had just completed its initial public offering ("IPO"). Of the total exploration expenditures incurred during the current quarter, $1,264,903 was spent at Anastasia on the Lynd River Project, $137,671 on the Sybil Graben Project and $463,233 on the Mungana Project. Of the total amount spent, $864,266 was for drilling and assaying, $458,731 for salaries and $283,855 for field supplies, vehicle and base operating costs.

Mungana - Dingo Peak Prospect

This recently recognized Cu-Au porphyry prospect is located within the Company's 100% owned Mungana project approximately 35 km south of the old Red Dome mine and Kagara Ltd's new Mungana porphyry deposit. The Dingo Peak geological setting contains a number of significant prospect targets including a large (1200m by 1,000m) porphyry-related system in the south exhibiting a halo of elevated gold and copper geochemistry within marginal sheeted quartz veins and milled breccias surrounding an altered rhyolite porphyry intrusive core.

The porphyry system lies in the southern part of a 2.5 km long by 1.5 km wide geochemical and geophysical anomalous zone that includes several other large poorly tested sub-volcanic targets comprised of variably altered and mineralized breccias and vein systems in metamorphics intruded by quartz porphyry dykes.

Late in 2007, two diamond drill holes for 266 meters were completed over the two main targets at the Dingo Peak porphyry in the south and Quartz Needle to the north. In a press release dated April 14, 2008, the Company announced results at the Dingo Peak prospect with better grade and thickness parameters than from previous shallow drilling. The key intersection, obtained from DHDD05, occurs within an extensive mapped zone of strongly hydrothermally altered and brecciated basement metamorphics. These lie peripheral to the central high-level quartz porphyry core of this well developed mineralized system in readily accessible hilly terrain.

The latest round of core drilling comprising three holes DHDD06-08 for 835 meters completed in May 2008 was focused around DHDD05 to test a series of mineralized breccias exposed on the northern flank of Dingo Peak. All holes intersected significant copper mineralization, but to date results have only been received for DHDD07 that was sited 35 meters north and beneath DHDD05 in order to test depth extensions of the known mineralization and similar untested breccias to the south.

Drillhole DHDD07 provided stronger grade/thickness parameters than the previous shallower drilling, indicating the mineralization is improving with depth. Recent interpretation by consultant Dr. Gregory Corbett (FAIG RPGeo) suggests the prospect displays many of the features indicative of an above porphyry environment, and speculates the mineralized breccias intersected in recent drilling to be vector features towards an attractive larger source Cu-Au porphyry target at depth.

The extent and controls to the porphyry type veining and sulphide breccias at Dingo Peak is of prime importance in understanding the potential size of the deposit near surface and at depth. The Company plans to achieve this by ongoing detailed mapping, infill geochemistry and IP geophysics up to September, and then reverse circulation/core drilling focused to test the obvious near surface zones and their extensions at depth. Limited drilling has been done on this major system. The objective of the planned systematic surveys and follow-up drilling is to define at least one if not several substantial resource targets.

In order to initially assess the sulphide potential below 150 meters depth, the Company plans to conduct a deep penetrating IP survey the coverage of which is subject to the results of a current review of the previous gradient array IP work by an experienced consultant.

The Company expects that in addition to the 2.5 km by 1.5 km long existing grid coverage the survey will extend 1 km further east to incorporate a new prospective porphyry target in the 15 Mile Creek area. Ongoing infill Niton soil surveys have defined enhanced copper zones in the southern prospect area and Niton geochemistry will be used elsewhere to define base metal anomalous zones where there is no current geochemical coverage.

Lynd Anastasia

At Anastasia, a detailed diamond drilling program involving 23 drill holes totaling 5,596 meters was completed between January and April 2008 over the wet season. Detailed results of the first 18 holes were reported in April. From March-June 2008, the Company completed the remaining scheduled five drill holes and final results have been received for all holes in this program. Results for these holes were reported in a press release dated July 15, 2008.

Recent drilling has been focused on identifying contiguous zones of sulphide mineralization by drilling along sections 50 meters apart and testing the zones to 200 meters depth. Results confirm that below the oxide zone, mineralization extends to depth in one to three linear NNW trending (1-10 meters thick), steeply dipping polymetallic silica-sulphide zones, mostly in psammitic breccia or amphibolite.

The promising ALD027 zone was tested at depth by ALD033 and along strike by ALD034, however its extensions proved to be limited by the rhyolite dome to the south and by underlying granite that contains only minor porphyry style veining. Both proximal and distal to the feeder structure is a series of low-sulphidation Pb-Zn or Cu porphyry type quartz vein intersections that overprint the hotter epithermal mineralization. This mineralization may be more extensive at depth or in the nearby granite and remains to be fully evaluated. To the west of the prospect an isolated IP anomaly within lower Scardons ignimbrites was tested by three holes. All holes intersected altered basement metamorphic breccias below 100 metres of volcanic cover, but only one hole located significant sulphides. This suggests the Anastasia system may be more extensive under the volcanic cover to the west.

Reedy Creek

In December 2007, the Company announced that QMA had entered into a Heads of Agreement with Echo Resources Limited ("Echo"), an Australian-listed company, in relation to Echo's Reedy Creek Project in North Queensland, which surrounds the Anastasia prospect area and covers $230km^2$ in the prospective northern Scardons Igneous Complex and adjacent metamorphics. Work to date includes GIS data compilation, geological reconnaissance and 1,124 meters of core drilling in two prospects known as Sulphide Cap and Firegrass Creek.

a) Sulphide Cap Prospect

This polymetallic prospect comprises a Pb-Zn-As-Ag-Cu mineralized breccia pipe 150 m long and up to 100 m wide within silica-sericite altered and polymetallic quartz veined amphibolite grade metamorphics located 13 km NW from Anastasia.The prospect is characterized by a strong focussed IP anomaly, a magnetic low and well defined base metal geochemistry. Previous explorers have drilled six diamond core holes to outline the prospect breccia, but the mineralization was inadequately tested for precious metals both near surface and below 200m depth. In addition, high-grade Au and Ag values recorded in overprinting quartz veins proximal to the breccia may represent a separate target and the strike extent of this structurally controlled system remains untested.

To date, the Company has completed three core holes SCDH07-09 totalling 808 meters that tested the breccia system from surface down to 400-meter depth. Results for these holes were reported in a press release dated July 15, 2008. All holes were well mineralized within drusy open-spaced quartz, and zoning is apparent with arsenopyrite associated precious metals stronger down to 100-meter depth, and pyrrhotite associated galena and sphalerite stronger at deeper levels. Although extensive base metal values were intersected, the precious metal values are relatively modest, so ongoing exploration will focus on defining new targets along the prospective ENE structural corridor including a precious metal rich higher level breccia or vein system. A Niton soil survey is in progress to outline any significant targets for detailed evaluation.

b) Firegrass Creek Prospect

Located 6 km northwest from Anastasia, this silver bearing high-level volcanic target was tested by 2 diamond holes for 316 meters. The holes were sighted to test the continuance of silver mineralization intersected by previous shallow RC drilling within an extensive As-Ag soil anomaly in an area of poor outcrop. The Company's objective was to core the silver mineralization to better understand its lithological and structural controls including any basement mineralization. Both these holes were stopped short of their target depth due to limited water supply, however they intersected pervasive clay-pyrite alteration in rhyolitic ignimbritic volcanics of the Lower Scardons Group that contain Niton anomalous Ag-As mineralization. Assay results are awaited to confirm if the silver levels are sufficient to warrant further detailed evaluation of this system.

Sybil Graben

The Sybil Graben Project is an area to the northwest corner of a 35 km by 15 km structure known as Sybil Graben in North Queensland, 100 km west of Townsville, Australia. Core and reverse circulation drilling was completed at the Quartz Ridge and Francis Creek targets in 2007. No significant work was performed at Sybil Graben during the first half of 2008, that period being the rainy season. Shallow air track drilling may be done at Sybil Graben following receipt of results from systematic sampling of epithermal veins that is currently in progress.

Qualified Person

The above technical information was reviewed by Mr. Al Marton, Technical Director of the Company, a qualified person under the National Instrument 43-101 regulation.

Private placement – August 2008

On August 28, 2008, the Company announced that it plans to complete a non-brokered private placement of up to 12,000,000 Units at $0.20 per Unit for gross proceeds of up to $2,400,000. Each Unit issued will be comprised of one common share in the capital of the Company and one half of one common share purchase warrant, with each full warrant entitling the holder to purchase one common share of the Company at a price of $0.40 per share. The warrants will be exercisable for a period of 18 months following the closing date of the private placement, expected to be on or about September 5, 2008.

Asset-backed commercial paper ("ABCP")

At June 30, 2008, the Company held $8.95 million of non-bank sponsored ABCP (before accounting for an impairment charge). In mid-August 2007, the Canadian third-party ABCP market was hit by a liquidity disruption. Since that time, no transactions within an active market have been entered into involving the ABCP securities held by the Company. On August 16, 2007, a group representing banks, asset providers and major investors agreed, pursuant to the Montreal Accord, to a standstill period in respect of ABCP sold by 23 conduit issuers. A Pan-Canadian Investors Committee (the "Committee") was subsequently established to oversee the proposed restructuring process.

On March 20, 2008, the Committee released its proposed restructuring plan through an Information Statement in respect of a Plan of Compromise and Arrangement (the "Plan"), pursuant to the Companies Creditors Arrangement Act ("CCAA"). A meeting of the noteholders to vote on the Plan was held on April 25, 2008 and noteholders approved the Plan. Justice Campbell, presiding the restructuring under the CCAA, approved the Plan on June 5, 2008. Following various appeals to Justice Campbell's decision, the appeals court of Ontario confirmed on August 18, 2008, that the Plan was fair and reasonable in all circumstances. Absent any further appeals, the Committee now anticipates that the Plan will be in effect by the end of September 2008.

At June 30, 2008, the Company estimated the fair value of the ABCP it holds and applied a total impairment charge of $2,425,000. Additional information on the terms of the Plan and the Company's estimation of fair value are included in note 3 to the June 30, 2008 consolidated financial statements.

CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the Company's consolidated financial statements and related notes.

	June 30, 2008	December 31, 2007
	$	$
Balance Sheet		
Cash	61,700	392,000
Asset-backed commercial paper	6,493,100	6,493,100
Deferred exploration expenses	7,604,600	4,305,100
Bank loan	5,926,200	2,313,700
Total assets	14,693,800	11,689,600
Shareholders' equity	7,911,300	8,532,200

	2nd Quarter ended June 30, 2008	2nd Quarter ended June 30, 2007	Six-months ended June 30, 2008	Six-months ended June 30, 2007
	$	$	$	$
Operations				
Administration expenses	316,600	153,000	539,900	264,700
Depreciation	36,800	3,300	63,600	3,300
Stock-based compensation cost	31,200	195,600	136,200	791,700
Interest income	(2,000)	(110,800)	(4,900)	(145,800)
Interest expense	39,200	-	68,500	-
Loss on foreign exchange	310,600	5,000	334,300	5,500
Net loss	(732,500)	(246,100)	(1,137,500)	(919,400)
Basic and diluted loss per share	(0.02)	(0.01)	(0.03)	(0.03)
Cash flows				
Operating activities	(319,800)	(84,800)	(510,200)	(261,000)
Investing activities	(2,128,300)	(391,200)	(3,808,200)	(460,100)
Financing activities	2,359,600	(25,900)	3,988,100	10,580,500

The Company has not paid any cash dividends on its outstanding common shares to date and does not intend to pay dividends in the foreseeable future. The Company plans to retain earnings, if any, for use in the operation of its business, to finance growth and expand its operations.

Results of Operations

For the three-month period ended June 30, 2008, the Company incurred a loss of $732,461 ($0.02 per share) compared to a loss of $246,117 ($0.01 per share) in 2007. The results for the three-month period ended June 30, 2008 includes increase administration costs and unrealized loss on foreign exchange partially offset by a lower stock-based compensation cost.

For the six-month period ended June 30, 2008, the Company incurred a loss of $1,137,538 ($0.03 per share) compared to a loss of $919,356 ($0.03 per share) in 2007. The results for the six-month period ended June 30, 2008 includes increased administration costs and unrealized loss on foreign exchange partially offset by a lower stock-based compensation cost.

Interest income totalled $1,979 for the three-month period ended June 30, 2008 compared to $110,823 in 2007 ($4,948 compared to $145,792 during the six-month periods ended June 30, 2008 and 2007, respectively) due to the Company's lower cash and cash equivalent average position in 2008 compared to 2007. During the 2nd quarter and the six-month periods ended June 30, 2008, the Company did not accrue interest income on its ABCP and incurred $39,179 and $68,471, respectively, in interest expense related to the bank loan (secured by the Company's investments in ABCP).

Administrative expenses are summarized as follows:

	2nd Quarter ended June 30,		Six-months ended June 30,	
	2008	2007	2008	2007
	$	$	$	$
Remuneration	142,546	100,536	260,928	162,267
Professional fees	-	5,806	-	5,806
Travel	54,771	2,129	103,977	38,701
Insurance	9,455	7,233	17,558	7,233
Stock exchange and transfer agent	5,585	11,818	11,975	12,018
Investor relations	6,561	3,150	16,248	3,475
Capital tax	65,020	-	65,020	-
Other	32,651	22,333	64,206	35,244
	316,589	153,005	539,912	264,744

Stock-based compensation totalled $31,228 during the 2nd quarter ended June 30, 2008 compared to $195,618 in 2007 ($136,171 during the six-month period ended June 30, 2008 compared to $791,668 in 2007). No stock options were granted during the 2nd quarter ended June 30, 2008 (150,000 during the six-month period ended June 30, 2008).

The Company accounted for a loss on foreign exchange of $310,626 during the 2nd quarter ended June 30, 2008 ($334,333 during the six-month period ended June 30,2008) compared to a loss of $5,037 in 2007 ($5,456 during the six-month period ended June 30, 2007). These amounts result from the change in value of the Australian dollar relative to the Canadian dollar applied on the conversion of monetary items held in Australian currency at the balance sheet dates.

Quarterly information

The table below presents revenues, net loss and net loss per share for the last eight quarters.

Period ended	Revenues	Net loss	Net loss per share
	$	$	$
June 30, 2008	-	(732,461)	(0.02)
March 31, 2008	-	(405,077)	(0.01)
December 31, 2007	-	(1,586,645)	(0.03)
September 30, 2007	-	(1,609,043)	(0.04)
June 30, 2007	-	(246,117)	(0.01)
March 31, 2007	-	(673,239)	(0.03)
December 31, 2006	-	(27,285)	-
September 30, 2006	-	(53,263)	-

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital deficit at June 30, 2008 totalled $6,381,098 compared to $2,445,666 at December 31, 2007. The working capital deficit includes cash of $61,673 and a bank loan of $5,926,176.

On August 30, 2007 (with various subsequent amendments), the Company entered into a temporary credit facility of $6,000,000, secured by the Company's ABCP, to fund working capital requirements. As at June 30, 2008, an amount of $5,926,176 has been drawn on the facility, which bears interest at prime less 1.50% and matures on August 31, 2008. The Company is required to reduce the amount of the outstanding credit facility with any proceeds received from the sale of the ABCP. Subsequent to the end of the quarter, the lender agreed to extend the maturity date of the temporary credit facility to December 31, 2008 with all other terms and conditions of the credit facility remaining unchanged.

During the six-month period ended June 30, 2008, the Company issued a total of 1,252,500 common shares following the exercise of warrants for total proceeds of $375,652.

Funding requirements

The Company has no cash flow generating operations. As a result of the ABCP situation described above, the Company has funded, to large extent, its 2008 exploration program through a credit facility. The Company's continued ability to fund its exploration programs in the short and long-term and to meet its corporate and administrative obligations is dependent upon its ability to raise additional capital. To that effect, the Company announced on August 28, 2008 that it plans to complete a non-brokered private placement of up to $2,400,000, which financing is expected to close on or about September 5, 2008. The Company is also evaluating other alternatives to pursue without interruption its activities. In the event that the Company is not successful in raising sufficient funds, it will need to substantially reduce its activities. A significant portion of the Company's exploration expenditures represent discretionary spending and can be adjusted to reflect the Company's level of capital resources.

The amount and timing of additional funding may be significantly impacted by, among others, the strength of the capital markets and the outcome of the Plan of Compromise and Arrangement regarding the ABCP restructuring, should the amount recovered be lower than management's current best estimate of recovery and should funds not be readily available.

There can be no assurance that the Company will be able to raise sufficient funds as and when these funds are required.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2008, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

1. paid or accrued consulting fees of $42,885 during the quarter ended June 30, 2008 and $83,786 during the six-month period ended June 30, 2008 ($57,712 during the quarter ended June 30, 2007 and $79,300 during the six-month period ended June 30, 2007) to a Company controlled by an officer and director of the Company;
2. paid or accrued legal fees of nil during the quarter and the six-month periods ended June 30, 2008 (nil during the quarter ended June 30, 2007 and $100,917 during the six-month period ended June 30, 2007) to a law firm of which a director of the Company is a partner; and
3. paid or accrued professional and administration fees $124,107 during the quarter ended June 30, 2008 and $247,556 during the six-month period ended June 30, 2008 ($69,506 during the quarter ended June 30, 2007 and $117,364 during the six-month period ended June 30, 2007) to Reunion Gold Corporation, a company under common management.

As at June 30, 2008, the Company owed $133,404 to Reunion Gold Corporation ($36,105 as at December 31, 2007), a company under common management.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

BOOK VALUE OF MINING PROPERTIES

At the end of each period, work performed on exploration projects is reviewed to evaluate its potential. Following this analysis, a write-down is recorded, if required. The Company has established that no write-down was required at June 30, 2008.

CHANGES IN ACCOUNTING POLICIES

On January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments - Disclosures*, and Section 3863, *Financial Instruments - Presentation*. These new Handbook Sections apply to fiscal years beginning on or after October 1, 2007.

Under Section 1535, companies are required to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The objective of Section 3862 is to provide financial statement disclosure to enable users to evaluate the significance of financial instruments to the Company's financial position and performance and the nature and extent of risks arising from financial instruments that the Company is exposed to during the reporting period and the balance sheet date and how the Company is managing those risks. The purpose of Section 3863 is to enhance the financial statement user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows. Other than disclosure requirements, the adoption of these standards has no significant effect on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, ABCP, bank loan, accounts payable and accrued liabilities and amounts due to a related party. Other than the ABCP (as previously discussed), management does not believe that these financial instruments expose the Company to any significant interest or credit risks. The fair market value of these instruments, other than the ABCP, at June 30, 2008 approximates their carrying value. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at August 28, 2008 are as follows:

Securities	Expiration date	Exercise price	Securities outstanding
Common shares	n/a	n/a	42,883,268
2007 warrants	1-Sep-08	$0.80	10,350,000
2007 Broker warrants	1-Sep-08	$0.60	1,386,000
Stock options	1-Mar-12	$0.60	1,755,000
Stock options	26-Mar-12	$0.60	10,000
Stock options	14-Jun-12	$0.60	250,000
Stock options	17-Dec-12	$0.60	1,217,500
Stock options	17-Mar-13	$0.60	150,000

If all warrants and options were exercised, total shares outstanding would be 58,001,768 shares.

RISKS AND UNCERTAINTIES

The following discussion reviews a number of significant risks which management believes could impact the Company's business. For a more complete discussion of these and other risk factors, please refer to the "Risk Factors" section of the Company's prospectus dated February 21, 2007 accessible on www.sedar.com.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

All of the Company's prospects are in the exploration stages only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Liquidity crisis and Requirement for Additional Financing

The Company has limited financial resources. The further development and exploration of the Company's projects depends upon the Company's ability to obtain financing through equity financing, joint ventures, debt financing, or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets for precious and base metals may make it difficult or impossible for the Company to obtain equity financing or debt financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone its exploration programs, forfeit rights in some or all of its projects or reduce or terminate some or all of its operations.

Title Risks

The Company, through its Australian subsidiaries, owns or has entered into agreements to acquire the mineral rights comprising its projects. Some of those mineral rights, including the permit for the Lynd Anastasia Project, have expired and their renewals are subject to the approval of the State of Queensland. In addition, several of the Company's mineral rights are not yet registered in the name of the Company's subsidiaries. Transfer applications have been submitted to the regulatory authorities in the State of Queensland to effect the transfer of those mineral rights to QMA, the Company's subsidiary, but the State of Queensland will not process those applications until they have processed the renewal applications. There is no assurance if, or when, such renewals and transfer applications will be approved.

Some other mineral rights are still in the application stage and there is no assurance if, or when, such applications will or may be approved by the applicable regulatory authorities or, if approved, that the granted mineral rights will include the sub-blocks requested in the applications. Until an application is approved and a mineral rights is granted, an application for exploration permit for minerals ("EPMA") or an application for mineral development lease ("MDLA") does not confer on the holder any exploration rights. The Company has submitted an application for a mineral development licence ("MDL") over most of the area which currently comprises the Sybil Graben Project. If the MDLA is not accepted, the Company may be required to relinquish most of the area which comprises the Sybil Graben Project.

The Company could lose title to, or its interests in, the mineral rights comprising its projects if conditions under applicable laws are not met or if sufficient funds are not available to meet expenditure commitments.

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to its properties will not be challenged or impugned. The mineral properties, in which the Company has its interests, may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on any of the mineral properties, therefore, in accordance with the laws of the jurisdiction in which such properties are situated, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity to those lands or the size of such mineral lands.

Compulsory Work Obligations

Each of the Company's mineral rights, and those mineral rights that it has a right to acquire, is subject to expenditure and work commitments which must be met in order to keep such tenement in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant State mining legislation. If no variation is approved, and there is a failure to meet the commitments, this could lead to forfeiture of the tenement.

Native Title and Aboriginal Cultural Heritage

In carrying out exploration and/or mining operations, the Company must observe Native Title legislation (where applicable) and Aboriginal Cultural Heritage legislation.

The *Native Title Act* 1993 legally recognizes the unique title rights of indigenous Australians over areas where those rights have not been lawfully extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration or obtain production mineral rights. Native title may affect the status, renewal and conversion of existing mineral rights and the granting of new mineral rights.

There may be sites and objects of significance to indigenous Australians located on the land relating to the mineral rights that the Company has rights to. State and Commonwealth Aboriginal Cultural Heritage legislation aims to preserve and protect these sites and objects from use in a manner inconsistent with Aboriginal tradition. Aboriginal cultural heritage may restrict access to the affected land and result in the preclusion of any exploration or mining activities in that area. This may result in increased operating costs for the Company in executing its proposed exploration plans. Also, cultural heritage surveys of the exploration areas will need to be conducted prior to accessing the land and access agreements may need to be negotiated with affected parties.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations or cause delays in the development of mining projects.

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Mineral Exploration and Mining Carry Inherent Risks

Mining operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput. Although it is intended to take adequate precautions to minimize risk, there is a possibility of a material adverse impact on the Company’s operations and its financial results.

Volatility of Metal Prices

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Company’s properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of, and demand for, the Company’s principal products and exploration targets, gold, copper and silver, is affected by various factors, including political events, economic conditions and production costs.

Foreign Currency Exchange

The Company incurs most of its expenditures in Australian dollars, while the funds it raises are Canadian dollars. This renders the Company subject to foreign currency fluctuations which may materially affect its financial position and operating results.

Forward Looking Statements

Except for historical information, this MD&A may contain forward looking statements. Forward-looking statements are not historical facts and are subject to a number of known and unknown risks and uncertainties beyond the Company's control. Uncertainties relate to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; the possibility that required permits may not be obtained in a timely manner or at all; changes in planned work resulting from weather, logistical, technical or other factors; potential resources, exploration results, costs and supply of material relevant to the mining industry; and future plans and objectives of the Company. These statements may cause the actual results, levels of activity, performance or achievement of the Company to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

Statements relating to the effects and impacts of the market disruption are forward-looking information within the meaning of Canadian securities laws. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward looking statements, including, ABCP market conditions, additional defaults under ABCP, the ability of ABCP funds to obtain funding from liquidity facilities supporting the ABCP, and other risks and uncertainties, including those described in this MD & A.

Additional Information and Continuous Disclosure

This MD & A has been prepared as at August 28, 2008. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).