QUEENSLAND MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 1ST QUARTER ENDED MARCH 31, 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 May 23, 2008, covers the 1st quarter ended March 31, 2008 and should be read in conjunction with the unaudited consolidated financial statements and related notes for the three-month period ended March 31, 2008 (the "March 31, 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 March 31, 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 $1,433,605 during the 1st quarter ended March 31, 2008, compared to $77,444 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, $1,256,676 was spent at Anastasia on the Lynd River Project, $128,119 on the Sybil Graben Project and $48,810 on the Mungana Project. Of the total amount spent, $901,468 was for drilling and assaying and $368,766 for field supplies, vehicle and base operating costs. The Company has had very encouraging results from its 2007 and early 2008 drilling campaigns as described in the Company's news releases dated January 16, February 12 and April 14, 2008.

Lynd Anastasia

Core drilling commenced at Anastasia on the Lynd River Project on July 9, 2007. The encouraging results returned late in 2007 prompted management to commit to recommence drilling in January 2008. Exploration is generally not undertaken in North Queensland at this time since it is the height of the rainy season. However, adequate preparations were made to supply the camp with food, fuel and consumables to allow work to continue during this period. An all weather airstrip is located 25 km NW of the prospect along good roads with no major stream or river crossings to use for re-supply and personnel transport.

A 23 hole, 5,618-metre program was conducted from January 1, 2008 to the end of April 2008 at the Anastasia prospect. The Company released encouraging results from the thirteen (13) holes completed in 2007 in separate press releases dated January 16 and February 12, 2008 and on April 14, 2008, the Company released results for the first seven (7) holes completed in 2008, which also included positive results. Assays are pending from all subsequent holes. The turn around period for assay results is currently over eight weeks.

The exploration program is focused on a half kilometre mineralized portion of a 20 km north-west trending structural corridor that contains other favourable targets that the Company intends to evaluate by drilling later in 2008.

The Anastasia prospect is located 50 km south west of Chillagoe on the margin of the Permo-Carboniferous Scardon's Igneous Complex and at the intersection of the major northwestern structure with a 10 km north easterly trending linear feature. Anastasia is a polymetallic high sulphidation epithermal to mesothermal system covering a 600 m x 300 m wide main zone within a down faulted block of amphibolite grade Proterozoic metasediments. These are intruded by a rhyolite flow dome complex that is spatially and temporally associated with the gold-copper mineralization. This is inferred from limited vein intersections within the volcanic breccias and the adjacent altered older microgranites at depth to the north.

In general, significant mineralization is constrained at depth in the felsic subvolcanic intrusives, but there is evidence for a NE trending structural hydrothermal feeder zone adjacent to or within the rhyolites that is relatively untested and may have considerable depth extent.

Previous drilling in the 1980's resulted in 30 drill holes with positive results. These have been reported previously in the 43-101 Technical Report by Resource Equity Consultants Pty Ltd. dated February 20, 2007.

Analysis of the drilling and assay results, suggest that the host breccias are tabular and dip moderately to the NE. However, steeply dipping feeder zones are postulated and were one of the targets for the early 2008 program. The geology and geochemistry appears to be vectoring to the ENE. Drill holes were conducted to test this zone to locate the up-flow area that produced the mineralization discovered to date.

Management believes that the results to date indicate a potentially significant new gold-copper discovery at the Lynd Anastasia Project. The system is open along strike and at depth and there are other prospects nearby which will be evaluated over the coming months.

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. The Reedy Creek Project encompasses a number of gold-silver and base metal workings and prospects located up to 13km northwest of the Anastasia Prospect.

The Company announced on April 22, 2008 the start of a core drilling program on two prospects at the Reedy Creek Project, namely the Firegrass Creek and Sulphide Cap prospects.

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 1st quarter ended March 31, 2008, that period being the rainy season. Drilling is scheduled to resume at Francis Creek in August 2008. Another 3,000 m of drilling is planned to continue testing the recognized epithermal veins at depth and along strike for continuing epithermal gold mineralization.

Mungana - Dingo Peak Prospect

The Dingo Peak prospect is situated within the Mungana tenements in the Chillagoe region of North Queensland and lies 30 km to the east of the Anastasia prospect and 35 km south of the Red Dome copper gold mine. Dingo Peak is positioned along a North-South trending splay of the highly mineralized Palmerville Fault, and lies in the southern part of a 2 km long by 1 km wide geochemical and geophysical anomalous zone. The main target Is a large copper-gold porphyry system with elevated gold and copper in soil values over an area of 1,200 m x 1,000 m surrounding the intrusive core.

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 encouraging results at the Dingo Peak prospect with better grade and thickness parameters than from previous shallow drilling. The key intersection 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 Company intends to finish digital compilation of previous exploration data at Dingo Peak prior to conducting further surface geochemical work and RAB drilling aimed at identifying priority targets for more systematic core drilling into an extensive high level porphyry system. Given the very limited current drilling of this major system it is expected that planned systematic surveys and proposed follow-up diamond drilling will result in the definition of a large resource target.

Asset-backed commercial paper ("ABCP")

In 2007, the Company had invested an amount of $8.95 million in short-term debt obligations, issued by limited purpose trusts and sponsored and managed by non-bank entities. These obligations are commonly known as ABCP. In mid-August 2007, a number of sponsors of non-bank managed ABCP announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets. As a result, the non-bank ABCP market is currently the subject of an agreement signed August 16, 2007 among a number of affected parties (the "Montreal Proposal ABCP"). On September 6, 2007, a Pan Canadian Committee (the "Committee") consisting of a panel of major Montreal Proposal ABCP investors was formed. The Committee subsequently retained Goodmans and JP Morgan Chase as legal and financial advisors, respectively, to oversee the proposed restructuring process. On October 16, 2007, the Chairman of the Committee announced the proposed restructuring of one of the 22 conduits affected by this crisis.

On December 23, 2007, the Committee announced that an agreement in principle had been reached regarding a comprehensive restructuring of the ABCP issued by 20 of the 21 remaining trusts covered by the Montreal Proposal ABCP. On March 20, 2008, an Information Statement in respect of a Plan of Compromise and Arrangement (the "Plan"), pursuant to the Companies Creditors Arrangement Act ("CCAA") was sent to all noteholders of Canadian third-party structured ABCP. A meeting of the noteholders to vote on the Plan was held on April 25, 2008 and noteholders approved the Plan. To become effective, the Plan must receive final court approval. The Committee anticipates that the restructuring will be completed during the second quarter of 2008.

At March 31, 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 proposed December 23, 2007 restructuring and the Company's estimation of fair value are included in note 3 to the March 31, 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.

	March 31, 2008	December 31, 2007
	$	$
Balance Sheet		
Cash	150,200	392,000
Asset-backed commercial paper	6,493,100	6,493,100
Deferred exploration expenses	5,738,800	4,305,100
Bank loan	3,575,000	2,313,700
Total assets	12,964,500	11,689,600
Shareholders' equity	8,599,300	8,532,200

	1st Quarter ended March 31, 2008	1st Quarter ended March 31, 2007
	$	$
Operations		
Administration expenses	223,300	111,700
Depreciation	26,800	-
Stock-based compensation cost	104,900	596,100
Interest income	(3,000)	(35,000)
Interest expense	29,300	-
Loss on foreign exchange	23,700	400
Net loss	(405,000)	(673,200)
Basic and diluted loss per share	(0.01)	(0.03)
Cash flows		
Operating activities	(190,400)	(176,200)
Investing activities	(1,679,900)	(68,900)
Financing activities	1,628,500	10,606,400

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

The Company had no revenues from operations for the 1st quarter ended March 31, 2008 and 2007.

During the 1st quarter ended March 31, 2008, the Company incurred administration expenses of $223,300 (composed essentially of wages, travel, investor relations and office costs) compared to $111,700 in 2007. Prior to the Company's listing on the TSX Venture on March 1, 2007 the Company's expenses were limited to fees and other expenses required to maintain the Company active.

The Company incurred $104,900 in stock-based compensation cost during the 1st quarter ended March 31, 2008, compared to an amount of $596,050 during the corresponding period in 2007. A total of 150,000 stock options were granted in the current period compared to the grant of 1,765,000 stock options on March 1, 2007.

During the 1st quarter ended March 31, 2008, the Company did not accrue interest income on its ABCP and incurred $26,300 in interest expense related to the bank loan (secured by the Company's investments in ABCP). During the corresponding quarter in 2007, the Company earned $35,000 in interest income on liquidities held.

The Company accounted for a loss on foreign exchange of $23,700 during the 1st quarter ended March 31, 2008 compared to a loss of $400 in 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 $
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)	-
June 30, 2006	-	(17,938)	-

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital deficit at March 31, 2008 totalled $3,885,800 compared to $2,445,700 at December 31, 2007. The working capital deficit includes cash of $150,000 and a bank loan of $3,575,000.

On August 30, 2007 (with amendments dated October 9, 2007, December 6, 2007 and February 6, 2008), the Company entered into a temporary credit facility of $5,000,000, secured by the Company's ABCP, to fund working capital requirements. As at March 31, 2008, an amount of $3,575,000 has been drawn on the facility, which bears interest at prime less 1.50% and matures on May 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. Discussions are currently being held between the Company and its lender to further amend and extend the temporary credit facility.

During the 1st quarter ended March 31, 2008, the Company issued a total of 1,238,500 common shares following the exercise of warrants relating to the 2003 and 2005 private placements, for total proceeds of $367,252.

In March 2007, the Company successfully completed its Initial Public Offering ("IPO") for the sale of 20,000,000 Units and 350,000 warrants to raise gross proceeds of $12,003,500. The Units offered under the IPO were sold at a price of $0.60 each. Each Unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.80 for a period ending 18 months from the closing date of March 1, 2007. After the date that is six months from the closing date, in the event that the closing price of the common shares is $1.20 or more for a period of at least 20 consecutive trading days, the Company has the right to accelerate the termination of the exercise period of the warrants to 30 days from the notice of such acceleration. As part of the IPO, the Company paid the Agents a cash commission equal to 7% of the gross proceeds of the IPO. The Company also issued to the Agents warrants to acquire such number of common shares that is equal to 7% of the number of Units sold pursuant to the IPO, exercisable at the issue price of $0.60 for a period of 18 months from the closing date.

Funding requirements and ABCP implications

The Company has no cash flow generating operations. As a result of the ABCP situation described above, the Company currently funds its exploration program through its credit facility. Management believes that through the combination of the credit facility and the fair value of its ABCP of $6.5 million, it has sufficient funds to pursue its exploration programs and to meet its corporate and administrative obligations for the next three months. The Company's ability to fund its exploration programs after that period is dependent upon its ability to raise additional capital. The Company is presently evaluating financing alternatives to pursue without interruption its exploration programs. In the event that the Company is not successful in raising sufficient funds, it may need to substantially reduce its exploration activities. A significant portion of the Company's exploration expenditures represent discretionary spending and can be adjusted to reflect results of exploration and 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 March 31, 2008, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the 1st quarter ended March 31, 2008, the Company:

1. paid or accrued consulting fees of $40,901 (2007 - $14,431) to a Company controlled by an officer and director of the Company;
2. paid or accrued legal fees of nil (2007 - $100,917) to a law firm of which a director of the Company is a partner; and
3. accrued professional and administration fees $123,449 (2007 - $47,858) to Reunion Gold Corporation, a company under common management.

As at March 31, 2008, the Company owed $91,487 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 March 31, 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. 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 and cash equivalents, ABCP, receivables, 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 March 31, 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 May 23, 2008 are as follows:

Securities	**Expiration date**	**Exercise price**	**Securities outstanding**
Common shares	n/a	n/a	42,875,268
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 57,993,768 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.

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.

Liquidity crisis and Requirement for Additional Financing

The Company has limited financial resources. In light of the current situation concerning the market for Asset-Backed Commercial Paper ("ABCP"), the Company is currently unable to access or convert its holdings in such ABCP. As a result, the Company is financing its activities through a bank loan. Failure to access these liquidities 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.

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.

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 May 23, 2008. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).