

QUEENSLAND MINERALS LTD.
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 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 April 28, 2009, covers the years ended December 31, 2008 and 2007 and should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2008 and 2007 (the "December 31, 2008 and 2007 consolidated financial statements"). The December 31, 2008 and 2007 consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). 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 has not yet determined whether its properties contain mineral resources or mineral reserves. To this date, the Company has not generated any revenues from operations.

Due to the Company's limited financial resources, all field activities were halted during the wet season starting in October 2008 and the projects have since been on care and maintenance. Following a thorough analysis of the data collected over the last field season, the Company has determined that it cannot justify pursuing exploration activities on its current projects, with the exception of the Dingo Peak target located on the Mungana project. As a result, the Company has recorded in the 4th quarter of 2008, an amount of \$7,530,769 as Write-down of Exploration Projects.

The Company is evaluating different financing options to continue work on the Dingo Peak target, which may include the issuance of securities, partnership or joint venture arrangements. The Company is also considering acquiring new mineral resource projects outside of the current area of operations but the existing economic environment has made it more difficult to access capital to finance such potential acquisition. There can be no assurance that new mineral resource projects will be acquired or that additional funds will be available or available on terms acceptable to the Company (see "*Liquidities and Capital Resources*" below).

At December 31, 2008, the Company held an amount of \$8.9 million in asset-backed commercial paper ("ABCP"). This amount has not been available to the Company since August 2007, following a liquidity disruption that hit the Canadian third-party ABCP market. Since that time, the Company has funded its exploration and corporate activities mainly through the use of a temporary credit facility. At December 31, 2008, an amount of \$6,163,464 had been drawn on the \$6.3 million facility. Subsequent to year-end, the restructuring plan for the ABCP was fully implemented and as a result of this, the Company and its lender are finalizing the required documentation to put in place a proposal received from the lender that would convert the temporary credit facility into a minimum 2 and 3-year credit facility.

The continuation of the Company as a going concern is dependent upon the Company obtaining amended repayment terms on its temporary credit facility, the ability of the Company to obtain necessary financing to continue its exploration work on its main project, and the continued financial support from its shareholders. Management will continue, as appropriate, to seek other sources of financing on favorable terms; however, there are no assurances that any such financing can be obtained on favorable terms, if at all. The outcome of these matters cannot be predicted at this time.

EXPLORATION ACTIVITIES

The Company incurred total exploration costs of \$4,752,214 in 2008 compared to \$3,670,703 in 2007. Of the total exploration expenditures incurred during the year, \$1,815,023 was spent on the Mungana Project, \$2,006,031 was spent at Anastasia on the Lynd River Project, \$465,342 was spent on the Reedy Creek Project (option agreement with Echo Resources) and \$465,818 on the Sybil Graben Project. Of the total amount spent, \$1,804,413 was for drilling and assaying, \$1,170,239 for salaries and \$1,146,641 for field supplies, vehicle and base operating costs.

Mungana - Dingo Peak

Significant progress has been made during the year at the Company's 100% owned Dingo Peak prospect in Northeastern Queensland. An IP geophysical and magnetics survey conducted over the Dingo Peak prospect has defined a 2km long alteration zone associated with a strongly mineralized porphyry system that has only been marginally tested by previous QML drilling. Geochemical surveys over the exposed southern part of the new zone show a classic porphyry style pattern of distal Pb-Zn anomalies surrounding proximal Cu-Au anomalism. This new Cu-Au porphyry discovery located near Chillagoe is in a structurally controlled 150 km long porphyry belt enclosed by the Palmerville fault system.

At Dingo Peak, altered rhyolite porphyry bodies intrude a host package of Proterozoic gneisses within a structural corridor producing an outcropping mineralizing system exhibiting an inner ring of elevated gold and copper geochemistry with distal Pb-Zn, and marginal sheeted quartz veins overprinting milled breccias.

In September 2008, the Company undertook a 7.2 line km 3D IP geophysical and magnetic survey with the objective of defining the depth parameters and limits to the porphyry system. The magnetic data shows the main IP anomalism is coincident with low magnetic character suggesting magnetite destruction by hydrothermal fluids. Results from the 3D IP are highly encouraging due to the clear definition of a mostly intact porphyry system defined as a chargeable, conductive and weakly magnetic body extending from a depth of 75 to 150m at the south end and dipping northwards over two kilometers beneath the Quartz Needle breccia body. This substantial central zone target represents propylitic to phyllic alteration that remains almost completely untested. Previous drilling (news release of July 15, 2008 included core drill assays from hole DHDD07 of 52 meters at 0.66 g/t Au with 0.6% Cu from 101m) focused on outcropping breccia zones lying above or peripheral to it. The identified prospective zone remains open to the east at depth.

The Company has completed a comprehensive interpretation of the whole system and has prepared a program of RC and deeper diamond drilling to evaluate the system at shallow to moderate depths. The Company is looking at different alternatives to fund this drilling program. It is likely that further detailed geophysics will also be required to fully outline extensions of the prospective intrusive alteration targets indicated by both magnetics and IP surveys.

Mungana Porphyry Project

There are two targets within this project: Mungana Porphyry and Barkers Lease. In August 2008, a 200 hole airtrack percussion drill program totaling 2,009 meters was completed over the two targets. At Mungana Porphyry, the drill program entailed 155 holes for a total of 1,354 meters of drilling. The remaining 655 metres of drilling tested various vein sets on the Mungana tenement to the south around the Barkers Lease area. Holes were short averaging 8 meter depth. The use of the airtrack drill was a substitute to trenching since its use was faster and more cost effective than mechanical trenching or hand channel sampling. In addition, a 2km x 1km epithermal quartz vein system has been the subject of detailed geochemical sampling. Initial geological reconnaissance was followed by a Niton XRF soil sampling grid and rock chip geochemical sampling to establish the parameters of the system for drilling.

Based on the results of the airtrack drilling and channel sampling of trenches on the Barkers Lease prospect, the Company decided that no further work was warranted on these projects and the Company notified the owner of the lease in November 2008 of its decision to terminate the option agreement.

Lynd Anastasia

From July 2007 to May 2008, a 36-hole diamond drilling program totaling 8,029 metres was drilled at the Anastasia prospect. The drilling evaluated the strike and depth extensions of the breccia and stockwork veined metasediments to a depth of 200 meters in this gold-polymetallic high-sulphidation deposit. Results have been published in news releases. No further work will be undertaken at Anastasia. The Company is looking at various options to divest of this property.

Reedy Creek - Sulphide Cap and Firegrass Creek

In December 2007, the Company announced that QMA had entered into an agreement with Echo Resources Limited ("Echo"), an Australian-listed company, under which QMA may earn a 70% interest in 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. In April 2008 the Company started a core drilling program on two prospects at the Reedy Creek Project, namely the Firegrass Creek and Sulphide Cap prospects.

Previously reported drilling at the Sulphide Cap and Firegrass Creek prospects provided sufficient encouragement to explore for new resource targets. Basement structures close to the Scardons caldera margins and blind epithermal deposits underlying the younger volcanics were targeted. Following GIS compilation of drainage geochemical data in the Sulphide Cap district, fieldwork located prospective E to ESE trending vein structures and quartz blows. Results were disappointing and no further work will be undertaken at the Reedy Creek Project.

In February 2009, the Company advised Echo that it was withdrawing from one of the two exploration permits included in the option agreement.

Sybil Graben - Francis Creek Prospect

The Company commissioned a geological review of the Francis Creek epithermal project by a consultant in June 2008. The review was aimed at defining geological and mineralogical parameters that could be used to locate significant new mineralization in the district. The resultant report showed that higher grade gold values are associated with milky, crustiform-colloform banded, chalcedony and adularia veins with more or less grey sulphidic smokey quartz. The most promising areas within the Francis Creek vein system corresponded to the area where the best results were previously obtained in channel samples. In September 2008, other vein systems were evaluated with the resulting identification of epithermal vein systems at Francis Creek South, Francis Creek East, Francis Dam, Burdekin, and Blue Range. These veins were also considered to have enhanced lode potential.

The Company will not pursue its exploration efforts on this property and is currently evaluating various options to divest of this property.

Qualified Person

The above technical information was reviewed by Mr. Adrian Fleming, President of the Company, a qualified person under the National Instrument 43-101 regulation.

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 year ended December 31, 2008, the Company incurred a loss of \$9,908,639 (\$0.22 per share) compared to a loss of \$4,115,044 (\$0.11 per share) in 2007 and a loss of \$192,236 (\$0.01 per share) in 2006. The significant changes in the year compared to 2007 are as follows:

- Administration expenses totaled \$1,210,639 in 2008 compared to \$1,835,649 in 2007; the decrease in expenses is mainly attributable to lower stock-based compensation cost in 2008 (\$187,477 compared to \$1,257,316 in 2007). In 2007, the Company had granted a total of 3,350,000 stock options to directors, officers and employees, including a total of 1,755,000 stock options following the Company's IPO on March 1, 2007 compared to total grants of 150,000 stock options in 2008. The significant variation in stock-based compensation cost was partially offset by higher management and administration costs, professional fees, investor relations and travel, capital tax, office and depreciation due to such expenses having been incurred for a full year in 2008 compared to a partial year in 2007, as the Company became public on March 1, 2007.
- As a result of the disappointing exploration results obtained on all of its exploration properties, other than the Dingo Peak target, on the Mungana project, the Company charged to operations in 2008 an amount of \$7,530,769 as Write-down of Exploration Projects.
- Interest income totalled \$7,203 in 2008 compared to \$184,880 in 2007; since the beginning of the liquidity disruption which affected the Canadian ABCP market in mid-August 2007, the Company has not accrued any interest income on its ABCP, other than the amount received in January 2009, which was presented as a reduction of the impairment charge on ABCP; interest income in 2008 resulted from holding limited cash balances in the Company's Australian bank accounts; in 2007, the interest income resulted from interest received on the Company's cash and cash equivalent position.
- Interest expense on the Company's temporary credit facility (secured by the Company's ABCP) totalled \$152,882 in 2008 compared to \$16,740 in 2007; the average bank loan in 2008 totalled \$4.2 million compared to \$0.7 million in 2007.
- In 2008, the Company recorded an impairment charge on ABCP of \$994,175 compared to \$2,425,000 in 2007. The impairment charge recorded in 2008 was reduced by the amount of the interest payment an ABCP received in January 2009. Additional information on the Company's estimation of fair value and resulting impairment charge are included in note 4 to the December 31, 2008 and 2007 consolidated financial statements.

The higher loss incurred in 2007 compared to 2006 is mostly attributable to administration costs incurred in 2007 following the IPO of the Company on March 1, 2007. In 2006, costs were incurred to maintain the Company in good-standing and to prepare it for the IPO.

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
	\$	\$	\$
December 31, 2008	-	(8,310,851)	(0.18)
September 30, 2008	-	(460,250)	(0.01)
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)

During the fourth quarter ended December 31, 2008, the Company incurred a loss of \$8,310,851 (\$0.18 per share), compared to a loss of \$1,586,645 (\$0.03 per share) during the corresponding period ended December 31, 2007. The increased loss is mainly attributable to the Write-down of Exploration Projects in the amount of \$7,530,769, partially offset by lower administration expenses and a lower impairment charge on ABCP.

ABCP and temporary credit facility

At December 31, 2008, the Company held \$8,918,117 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 and 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"). Noteholders approved the Plan on April 25, 2008 and Justice Campbell, presiding over the restructuring under the CCAA, approved the Plan on June 5, 2008. On August 18, 2008, the appeals court of Ontario confirmed Justice Campbell's decision, following various appeals, and on September 19, 2008, the Supreme Court of Canada released a decision denying leave to appeal from the decision of the Ontario Court of Appeal. On January 21, 2009, the Plan was fully implemented following the agreement to certain enhancements to the Plan.

At December 31, 2008, the Company estimated the fair value of the ABCP it holds and applied a total impairment charge of \$3,419,175, including \$2,425,000 which had been recorded in 2007. The interest payment on ABCP received in January 2009 was presented on the consolidated balance sheet as short-term portion of ABCP. Additional information on the terms of the Plan and the Company's estimation of fair value are included in note 4 to the December 31, 2008 and 2007 consolidated financial statements.

On January 21, 2009, following the implementation of the restructuring plan, the Company received new notes of various classes issued by a trust referred to as Master Asset Vehicle 2, including senior notes (Class A1 and A2 notes) in the amount of \$5,291,000, which have been assigned an investment grade rating of A by DBRS Limited ("DBRS") and subordinated Class B and C notes in the amount of \$811,000, which have not been rated by DBRS. The Class A1 and A2 notes will pay interest and Class B and C notes will accrue interest with payments to be made only after the Class A1 and A2 notes have been fully repaid. The Company also received \$2,816,000 of notes referred to as Ineligible Asset Tracking Notes, which intent is to track the performance and

repayment of the related underlying assets in certain conduits that have significant exposure to US residential mortgage market.

On August 30, 2007 (with subsequent amendments), as a result of the ABCP situation described above, the Company entered into a temporary credit facility of \$6,300,000 to fund working capital requirements. The facility is secured by the Company's investments in ABCP. As at December 31, 2008, the Company had drawn an amount of \$6,163,464 from the facility, which bears interest at prime less 1.50% (a rate of 2% at December 31, 2008) and matures on May 11, 2009. The Company is required to reduce the amount of the outstanding credit facility with any proceeds received from the sale of the ABCP.

As a result of the implementation of the ABCP Plan, the Company and its lender are in the process of finalizing the required documentation to put in place a proposal received from the lender which would convert the temporary credit facility into two facilities, one with a minimum 2-year term and the other with a minimum 3-year term.

LIQUIDITIES AND CAPITAL RESOURCES

The Company's working capital deficit at December 31, 2008 totalled \$5,741,284 compared to \$2,445,666 at December 31, 2007. The working capital deficit at December 31, 2008 includes a bank loan of \$6,163,464 (\$2,313,730 at December 31, 2007).

On September 5, 2008, the Company completed the first tranche of a non-brokered private placement with the second tranche completed on October 10, 2008. As part of this financing, the Company issued a total of 9,517,500 units at a price of \$0.20 per unit, for total proceeds of \$1,903,500. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share of the Company at a price of \$0.40 per share until March 5, 2010.

On March 1, 2007, the Company completed its IPO by the issuance of 18,000,000 units at a price of \$0.60 per unit for total gross proceeds of \$10,800,000 and on March 29, 2007, an additional 2,000,000 units at a price of \$0.60 per unit and 350,000 warrants at a price of \$0.01 per warrant were issued as part of the over-allotment granted to the Agents. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company at a price of \$0.80 per share for a period of 18 months following the closing of the IPO. The share purchase warrants and remaining 1,386,000 broker warrants granted as part of the IPO expired unexercised on September 1, 2008.

Funding requirements

The Company has available liquidities of approximately \$250,000 at April 20, 2009 and it has no cash flow generating operations. As a result of the ABCP situation described above, the Company has funded, to a large extent, its 2008 exploration program through a credit facility.

On a going-forward basis, the Company will rely primarily on capital markets to fund its activities through the issuance of common shares. Although the Company has been successful in the past in obtaining required financing, there can be no assurance that such financing will be available on acceptable terms. Also, the current economic environment has made access to capital increasingly difficult. The Company is, at the same time, pursuing alternative sources of financing for its exploration projects including partnership and joint venture arrangements.

Due to this situation, the Company has taken action to significantly reduce its expenditures. At the beginning of the wet season in October 2008, field activities were halted. The projects are being kept on care on maintenance. The Company is not planning any exploration expenditures until funds become available. The Company has also significantly reduced its corporate administration expenses, principally by lowering its management and administration expenses paid to Reunion Gold Corporation. The Company expects that its available capital resources will be sufficient to carry its corporate and administrative costs for a period of at least twelve-months, assuming that the terms of the temporary credit facility are amended.

No assurance can be given that additional capital will be available at all or available on terms acceptable to the Company or that the Company will be successful in finding alternative financing. If the Company is unable to obtain amended terms on its credit facility or to raise such other financing in the short-term, it will not be able to resume its exploration activities and may not be in a position to meet ongoing commitments, which may have a material adverse effect on the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 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 \$293,522 in 2008 and \$210,680 in 2007 to a Company controlled by an officer and director of the Company;
2. paid or accrued legal fees of nil in 2008 and \$100,917 in 2007 to a law firm of which a director of the Company is a partner; and
3. paid or accrued professional and administration fees \$441,526 in 2008 and \$285,795 in 2007 to Reunion Gold Corporation, a company under common management.

At December 31, 2008, the Company owed \$22,618 to Reunion Gold Corporation (\$36,105 as at December 31, 2007), a company under common management. This amount is non-interest bearing and has no specific terms of repayment.

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, management reviews the carrying value of its resource properties to determine whether any write-downs are necessary. Following a thorough analysis of the data collected over the last field season, the Company has determined that it will not pursue exploration on its current projects, other than the Dingo Peak target located on the Mungana project, and has therefore charged to operations in 2008 an amount of \$7,530,769 as Write-down of Exploration Projects.

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.

In June 2007, the CICA modified **Section 1400, *General Standards of Financial Statement Presentation***, in order to require that management make an assessment of the Company's ability to continue as a going concern

over a period which is at least, but is not limited to, twelve months from the balance sheet date. These new requirements were effective for fiscal years beginning on January 1, 2008 and consequently, the Company has applied them as at that date.

On March 27, 2009, the Emerging Issues Committee ("EIC") issued **Abstract EIC-174, Mining Exploration Costs** regarding the capitalization and impairment of exploration costs. This Abstract is to be applied to all financial statements issued after March 27, 2009. The Company has taken into account the consensus reached in this Abstract in preparing its 2008 consolidated financial statements.

FUTURE ACCOUNTING CHANGES

In February 2008, the CICA published **Section 3064, Goodwill and Intangible Assets**, to replace Section 3062, Goodwill and Other Intangible Assets. Publication of this new Section also resulted in the withdrawal of Section 3450, *Research and Development Costs* and consequential amendments to certain recommendations in the CICA Handbook. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This section is effective for fiscal years beginning on or after October 1, 2008 and the Company will implement these new standards as of January 1, 2009. The Company's management does not expect that the application of this new section will have a significant impact on its financial statements.

On February 13, 2008, the CICA's Accounting Standards Board ("AcSB") confirmed that the use of **International Financial Reporting Standards ("IFRS")** IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended March 31, 2011.

IFRS implementation plan

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include: exploration and development expenditures; property, plant and equipment (measurement and valuation); provisions, including asset retirement obligations; stock-based compensation; accounting for joint ventures; and accounting for income taxes.

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication to changes to accounting policies and processes, financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training.

FINANCIAL INSTRUMENTS

The Company's financial instruments at December 31, 2008 consist of cash, ABCP, bank loan, accounts payable and accrued liabilities and due to a related party. Other than ABCP, the fair value of these financial instruments approximates their carrying value given that they will mature shortly. Other than ABCP and bank loan, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company's exposure to interest and credit risks arising from its ABCP is fully described in note 4 to the Company's December 31, 2008 and 2007 consolidated financial statements. A plus or minus 1% change in the prime lending rate would affect earnings by approximately \$61,600 over a 12-month period.

The Company has exposure to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, as all of the Company's capital assets and deferred exploration expenses are incurred mostly in Australian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At December 31, 2008, financial assets include cash of A \$127,938, receivables of A \$60,963 and accounts payable and accrued liabilities of A \$266,060. A plus or minus 10% change in the foreign exchange rate between the Canadian and Australian dollars would affect shareholders' equity by approximately \$6,597.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at April 28, 2009 are as follows:

Securities	Expiration date	Exercise price	Securities Outstanding
Common shares	n/a	n/a	52,400,768
2008 warrants	5-Mar-10	\$0.40	4,758,750
2008 broker warrants	5-Mar-10	\$0.20	70,000
Stock options	1-Mar-12	\$0.60	1,745,000
Stock options	14-Jun-12	\$0.60	250,000
Stock options	17-Dec-12	\$0.60	935,000

If all warrants and options were exercised, total shares outstanding would be 60,159,518 shares.

RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature of its business, which is the acquisition and exploration of mineral properties. Some of the risks facing the Company are listed below. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected. Additional risks may also impair the Company's operations. 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.

Liquidity crisis and Requirement for Additional Financing

The Company has no history of earnings and has limited financial resources. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses until such time as its mineral projects, or any other properties the Company may acquire, enter into commercial production and generate sufficient revenues to fund its continuing 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. As a result of the lack of funds, the Company's projects have been on care and maintenance since October 2008.

Given the nature of capital market demand for speculative investment opportunities such as mineral projects, there is no assurance that additional financing will be available in the appropriate amount when required. The current economic downturn and global credit crisis has made access to capital even more difficult. 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 further postpone its exploration programs, forfeit rights in some or all of its projects or reduce or terminate some or all of its operations.

No assurance can be given that additional capital will be available at all or available on terms acceptable to the Company.

Exploration and Development

The Company's mineral projects are in the exploration stage. Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, the risk of 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 on 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. One of those mineral rights has expired and its renewal is subject to the approval of the State of Queensland. The State will not process the transfer of that mineral right to the Company's subsidiary until it has processed the renewal application. In addition, another mineral right has not yet been transferred to the Company's subsidiary and is subject to the approval of the State of Queensland. 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. 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. 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 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 the mineral right 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 legislation 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 that 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

Metal prices are highly volatile and there is no assurance that, even if commercial quantities of a mineral resource are discovered, 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 prices of, and demand for, gold, copper and silver, the Company's principal exploration targets, will be 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

This MD&A may contain "forward looking information" within the meaning of Canadian securities laws. Forward-looking information can be identified by the use of words such as "plans", "expects", "budgets", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. are not historical facts and are subject to a number of known and unknown risks and uncertainties beyond the Company's control. Forward looking information in this MD&A includes statements about: the effects and impacts of the current financial and commodity market disruption; the Company's financial condition going forward; its future exploration activities and their results; matters related to the renewal or transfer of mineral permits and licences; and future plans and objectives of the Company. Forward looking statements reflect the Company's views as at the date of this MD&A and by their nature involve assumptions and are subject to certain risks and uncertainties. Many factors, known and unknown, could cause actual results to be materially different from those expressed or implied by forward-looking information. Such risks include, but are not limited to: the Company's requirements for additional financing and the availability thereof; the uncertainty of the results of exploration; gold and other metals price volatility; currency fluctuations; mining risks; and governmental and regulation.

The Company does not undertake to update publicly or to revise any of the included forward-looking information, except as may be required under applicable securities laws.

Additional Information and Continuous Disclosure

This MD&A has been prepared as at April 28, 2009. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com) and on the Company's website at www.queenslandminerals.com.