

QUEENSLAND MINERALS LTD.
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
FOR THE 2ND QUARTER ENDED JUNE 30, 2009**

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 20, 2009, covers the three and six-month periods ended June 30, 2009 and should be read in conjunction with the unaudited consolidated financial statements and related notes for the three and six-month periods ended June 30, 2009 (the "June 30, 2009 consolidated financial statements"). Readers should also refer to the Company's MD&A for the year ended December 31, 2008 and the audited consolidated financial statements for the years ended December 31, 2008 and 2007.

The June 30, 2009 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, 2008 and 2007. 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"). The Company's primary asset is the Dingo Peak target located on the Mungana project. Due to the Company's limited financial resources, all field activities were halted in late 2008 and the Company's projects have since been on care and maintenance.

The Company is in the exploration stage and 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 and depends exclusively on outside capital.

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. 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*" section).

At June 30, 2009, the Company held restructured asset-backed commercial paper ("ABCP") notes of \$8,839,766. This amount has not been available to the Company since August 2007, following a liquidity disruption that hit the Canadian third-party ABCP market (see additional information on restructured notes under "*MAV II and III Notes and ABCP*" section). Since that time, the Company has funded its exploration and corporate activities mainly through the use of a \$6,300,000 temporary credit facility, which amount of \$5,912,160 was outstanding at June 30, 2009. On May 29, 2009, the Company entered into two credit facility agreements (available initially for 2 and 3-year periods), for a total loan amount of \$6,610,168, in replacement of the temporary credit facility (see additional information under "*Credit Facilities*" section). On July 3, 2009, the amount outstanding under the temporary bank loan was reimbursed from the proceeds of the revolving credit facilities.

The continuation of the Company as a going concern is dependent on 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.

Summary description of the Dingo Peak target – Mungana Project

The Dingo Peak prospect, which is wholly-owned by the Company, is located in Northeastern Queensland. In September 2008, a 7.2 line km 3D IP geophysical and magnetics survey was conducted over the Dingo Peak prospect. Results from this survey 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 2 kilometres beneath the Quartz Needle breccia body. This substantial central zone target represents propylitic to phyllic alteration that remains almost completely untested. Drilling by QML in early 2008 focused on outcropping breccia zones lying above or peripheral to it. The identified prospective zone remains open to the east at depth. 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 Cu-Au porphyry discovery located near Chillagoe is in a structurally controlled 150 km long porphyry belt enclosed by the Palmerville fault system.

In early 2009, the Company completed a comprehensive interpretation of the whole system and prepared a program of RC and deeper diamond drilling to evaluate the system at shallow to moderate depths. 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. The Company is looking at different alternatives to fund this program. No exploration work has been conducted on the Dingo Peak target since the beginning of 2009.

Other projects

In December 2007, 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 (which consists of two exploration permits), located in North Queensland. In early 2009, the Company advised Echo that it was withdrawing from the two exploration permits included in the option agreement.

The renewal of the Company’s Exploration Permits for Minerals (“EPM”) are subject to the Company paying annual rent and meeting designated annual expenditure requirement. Based on the Company’s assessment of the merit of each of its EPMs, the Company will determine prior to their expiry date, the best course of action for each of the EPM. The Company may decide to drop or abandon some of its EPM.

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.

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, | December 31, | | |
|---|-------------------------------|-------------------------------|-----------------------|-----------------------|
| | 2009 | 2008 | | |
| | \$ | \$ | | |
| Balance Sheets | | | | |
| Cash | 21,604 | 119,582 | | |
| Investments (1) | 4,956,099 | 5,498,942 | | |
| Deferred exploration expenses | 1,526,591 | 1,526,591 | | |
| Bank loan | 5,912,160 | 6,163,464 | | |
| Total assets | 6,638,899 | 7,486,796 | | |
| Shareholders' equity | 666,182 | 1,064,781 | | |
| | | | | |
| | 2nd Quarter | 2nd Quarter | Six-months | Six-months |
| | ended June 30, | ended June 30, | ended June 30, | ended June 30, |
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Operations | | | | |
| Expenses | 222,379 | 384,635 | 399,049 | 739,682 |
| Interest income | (5,595) | (1,979) | (5,706) | (4,948) |
| Interest expense | 12,396 | 39,179 | 33,991 | 68,471 |
| Loss (gain) on foreign exchange | (6,760) | 310,626 | (12,873) | 334,333 |
| Net loss | (222,420) | (732,461) | (414,461) | (1,137,538) |
| | | | | |
| Basic and diluted loss per share | (0.00) | (0.02) | (0.01) | (0.03) |
| | | | | |
| Cash flows | | | | |
| Operating activities | (105,940) | (319,784) | (238,355) | (510,214) |
| Investing activities | 214,901 | (2,128,323) | 391,681 | (3,808,180) |
| Financing activities | (143,534) | 2,359,560 | (251,304) | 3,988,098 |

(1) Notes held in Master Asset Vehicles II and III ("MAV II and III") replaced the Company's investment in asset-backed commercial paper ("ABCP") following the implementation on January 21, 2009 of the restructuring plan related to the Canadian third-party ABCP (see more detailed discussion under the *MAV II and III Notes and ABCP* section).

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.

Going Concern Assumption

The Company's consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, certain conditions may lend substantial doubt as to the appropriateness of the going concern assumption. Specifically, given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from operations and at June 30, 2009, had an accumulated deficit of \$18,680,764. Also, at June 30, 2009, the Company had a temporary bank loan in the amount of \$5,912,160, converted on July 3, 2009 into 2 and 3-year credit facilities (see additional information under "*Credit Facilities*" section), secured partially by the Company's investments in MAV II and III notes, which fair value was estimated at \$4,956,099 at June 30, 2009. During the 4th quarter of 2008, following a thorough analysis of all data collected during the last field season, the Company decided to write-down to nil costs incurred on all projects other than the Dingo Peak target located on the Mungana project, resulting in a charge to operations during that period of \$7,530,769. Also, as a result of the Company's limited financial resources, all of the Company's exploration projects have been put on care and maintenance and the Company has insufficient cash resources to undertake an exploration program on any of its exploration properties.

At June 30, 2009, the Company had \$21,604 in cash and an amount of \$698,008 available under the 2 and 3-year credit facilities and anticipates having sufficient cash to meet its corporate administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, optioning its exploration projects and/or entering into partnership agreements, to acquire additional exploration properties and/or to undertake exploration programs on its properties. There can be no assurance that the Company will be successful in putting any of these measures into place.

The Company's consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumption were not appropriate for these consolidated financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments to the carrying values of assets and liabilities and balance sheet classification, which could be material, may be necessary.

Results of Operations

For the 2nd quarter ended June 30, 2009, the Company incurred a loss of \$222,420 (nil per share) compared to a loss of \$732,461 (\$0.02 per share) during the 2nd quarter ended June 30, 2008. The significant variances between the comparative periods are as follows:

Expenses totaled \$222,379 during the 2nd quarter ended June 30, 2009 compared to \$384,635 during the corresponding period in 2008. The decrease in expenses is attributable to lower stock-based compensation cost (\$6,253 in 2009 compared to \$31,228 in 2008) and to lower management and administration, investor relations and travel and other administrative office costs. During the 4th quarter of 2008, the Company had taken steps to significantly reduce its corporate administration costs, principally by lowering its management and administration expenses paid to Reunion Gold Corporation. These costs were partially offset by higher professional fees, regional office and business development expenses. The Company charged to operations during the 2nd quarter ended June 30, 2009 expenses incurred at its regional office in Australia, since no exploration work was carried out during this period. During the corresponding period in 2008, such expenses had been capitalized as deferred exploration expenses, in accordance with the Company's accounting policy.

Interest expense on the Company's temporary credit facility totalled \$12,396 during the 2nd quarter ended June 30, 2009 compared to \$39,179 during the corresponding period in 2008; the average bank loan during the 2nd quarter in 2009 totalled \$6.0 million at a cost of capital of 0.8% compared to an average bank loan of \$4.8 million during the corresponding quarter in 2008, during which time the cost of capital was 3.4%.

Gain on foreign exchange for the period amounted to \$6,760 compared to a loss of \$310,626 during the corresponding period in 2008 and resulted mostly from the timing differences between the date when investments in monetary items denominated in Australian dollars were made and the exchange rate as at the end of the period.

For the six-month period ended June 30, 2009, the Company incurred a loss of \$414,461 (\$0.01 per share) compared to a loss of \$1,137,538 (\$0.03) in 2008. The significant variances between the comparative periods are as follows:

Expenses totaled \$399,049 during the six-month period ended June 30, 2009 compared to \$739,682 during the corresponding period in 2008. The decrease in expenses is attributable to lower stock-based compensation cost (\$15,862 in 2009 compared to \$136,171 in 2008) and to lower management and administration, investor relations and travel and other administrative office costs. These costs were partially offset by higher professional fees, regional office and business development expenses.

Interest expense on the Company's temporary credit facility totalled \$33,991 during the six-month period ended June 30, 2009 compared to \$68,471 during the corresponding period in 2008; the average bank loan during the six-month period in 2009 totalled \$6.0 million at a cost of capital of 1.1% compared to an average bank loan of \$3.8 million during the corresponding period in 2008, during which time the cost of capital was 3.6%.

Gain on foreign exchange for the six-month period ended June 30, 2009 amounted to \$12,873 compared to a loss of \$334,333 during the corresponding period in 2008 and resulted mostly from the timing differences between the date when investments in monetary items denominated in Australian dollars were made and the exchange rate as at the end of the period.

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, 2009 | - | (222,420) | (0.00) |
| March 31, 2009 | - | (192,041) | (0.00) |
| 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) |

MAV II and III Notes and ABCP

On January 21, 2009, the Plan of Compromise and Arrangement (the "Plan") related to the Canadian third-party ABCP was fully implemented. As part of the Plan, the Company received on that date, new notes of various classes for a total nominal amount of \$8,918,117, issued by trusts referred to as MAV II and III, including senior notes (Class A-1 and A-2 notes) in the amount of \$5,290,423 and subordinated Class B and C notes in the amount of \$811,324. It is anticipated that the Class A-1 and A-2 notes will pay interest and Class B and C notes will accrue interest with payments to be made only after the Class A-1 and A-2 notes have been fully repaid. The Company also received \$2,816,370 of notes referred to as Ineligible Asset Tracking Notes, within MAV II and MAV III, the intent of which is to track the performance and repayment of the related underlying assets in certain conduits that have significant exposure to US residential mortgage market. The maturity date of these notes has been extended to provide for a maturity similar to that of the underlying assets. On January 21, 2009, the MAV II Class A-1 and A-2 notes had been assigned an investment grade rating of A by DBRS Limited ("DBRS") and the Class B and Class C and Tracking notes had not been rated. On April 24, 2009, DBRS placed the MAV II Class A-2 notes under review and on August 11, 2009 downgraded the MAV II Class A-2 notes to BBB (low) and maintained the rating under review. On April 23, 2009, the Company received an amount of

\$78,351 as partial redemption of the MAV III Class 34 tracking notes and applied this amount as a reduction of the related investment.

At June 30, 2009, the Company estimated the fair value of these notes to be \$4,956,099, by estimating discounted future cash flows for each category of notes received (using discount rates of between 5.0% and 15.0%), by estimating that certain notes will pay interest at a rate of 0.5% less than the bankers' acceptance rate and by considering the best available market data. A total amount of \$464,492 was received in February and April 2009, representing the Company's portion of net interest earned on the ABCP for the period from August 2007 to January 21, 2009. This amount was accounted for as a reduction of the Company's investments. A variation of 1% in discount rates would impact the fair value of investments by approximately \$255,000.

Credit Facilities

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, secured by the Company's investments in the restructured ABCP, to fund working capital requirements. As at June 30, 2009, the Company had drawn an amount of \$5,912,160 from the facility, which bears interest at prime less 1.50%.

Following the implementation of the ABCP Plan, on May 29, 2009, the Company entered into two credit facility agreements with its lender, for a total loan amount of \$6,610,168, in replacement of the temporary credit facility described above. The term facilities, which bear interest at prime less 1%, subject to the respect of certain conditions, are available initially for 2 and 3-year periods respectively, and under certain conditions can each be further extended to a total period of 7 years. A portion of the credit facilities, in the amount of \$4,779,666, is secured solely by the related investments held in the MAV II and III notes described above and the remaining amount of \$1,830,502 is secured by the related investments held in the MAV II and III notes as well as a general security interest in the universality of all of the Company's assets. Cash proceeds from the sale or redemption of the MAV II and III notes will automatically be applied, at that time, to the amount of outstanding borrowings.

On July 3, 2009, the Company provided a notice of borrowing to its lender in the amount of \$6,400,000. Consequently, amounts outstanding under the temporary bank loan were reimbursed on that day and replaced with an amount outstanding under the first Credit Facility of \$4,576,254 and under the second Credit Facility of \$1,823,746.

LIQUIDITIES AND CAPITAL RESOURCES

The Company had a working capital of \$40,494 at June 30, 2009 compared to a working capital deficiency of \$5,741,284 at December 31, 2008 (which included an outstanding amount under the temporary credit facility of \$6,163,464). The bank loan was excluded from working capital at June 30, 2009 as it was reclassified as a long-term debt following the entering into of the 2 and 3-year period credit facilities in replacement of the temporary bank loan.

During the 2nd quarter ended June 30, 2009, the Company had a negative operating cash flow of \$105,940 and it received an amount of \$212,018 related to its investments, of which \$133,667 represent the Company's portion of net interest earned on the ABCP for the period from September 1, 2008 to January 21, 2009 and \$78,351 consist of proceeds from the partial redemption of the MAV III Class 34 tracking notes.

During the six-month ended June 30, 2009, the Company had a negative operating cash flow of \$238,355, it received an amount of \$542,843 related to its investments, of which \$464,492 represent the Company's portion of net interest earned on the ABCP for the period from August 2007 to January 21, 2009 and \$78,351 consist of proceeds from the partial redemption of the MAV III Class 34 tracking notes, and it disbursed a total of \$151,162 related to its mineral properties.

Funding requirements

The Company has available liquidities of approximately \$600,000 at August 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 2007 and 2008 exploration programs 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. In late 2008, field activities were halted. The projects have since been kept on care and 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 several months.

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 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 June 30, 2009, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Paid or accrued consulting fees of nil during the 2nd quarter ended June 30, 2009 and \$24,804 during the six-month period ended June 30, 2009 (\$77,120 during the 2nd quarter ended June 30, 2008 and \$146,674 during the six-month period ended June 30, 2008) to a Company controlled by an officer and director of the Company.

Paid or accrued professional and administration fees of \$41,076 during the 2nd quarter ended June 30, 2009 and \$82,152 during the six-month period ended June 30, 2009 (\$124,107 during the 2nd quarter ended June 30, 2008 and \$247,556 during the six-month period ended June 30, 2008) to Reunion Gold Corporation, a company under common management.

An amount of \$3,397 was due to Reunion Gold Corporation at June 30, 2009 (\$22,618 at December 31, 2008). 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-down is necessary. Following this analysis, no further write-down was deemed necessary as at June 30, 2009.

CHANGES IN ACCOUNTING POLICIES

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. The application of this new section on January 1, 2009 had no impact on the Company's financial statements.

In January 2009, the Emerging Issues Committee ("EIC") issued **Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities**, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The Company has taken into account the consensus reached in this Abstract in preparing its 2009 consolidated financial statements.

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 2009 consolidated financial statements.

International Financial Reporting Standards ("IFRS")

On February 13, 2008, the CICA's Accounting Standards Board ("AcSB") confirmed that the use of 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 ending 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; and accounting for income taxes.

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan are also being addressed, including: the implication to changes to accounting policies and processes, financial statement note disclosures; internal controls; contractual arrangements; and employee training. In light of existing IFRS applicable to companies in the exploration stage, the Company does not anticipate significant changes to its existing accounting policies.

FINANCIAL INSTRUMENTS

The Company's financial instruments at June 30, 2009 consist of cash, investments in MAV II and III notes, accounts payable and accrued liabilities, due to a related party and long-term debt. Other than investments in MAV II and III notes, the fair value of these financial instruments approximates their carrying value. Other than investments in MAV II and III notes and long-term debt, 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 investments in MAV II and III notes is fully described in note 4 to the Company's June 30, 2009 consolidated financial statements. The credit facility bears interest at a floating rate. Based on the amount outstanding under the credit facility at June 30, 2009, a plus or minus 1% change in the prime lending rate would affect earnings by approximately \$59,100 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 June 30, 2009, financial assets include cash of A \$12,107 (\$11,336), receivables of A \$5,931 (\$5,553) and accounts payable and accrued liabilities of A \$6,645 (\$6,222). A plus or minus 10% change in the foreign exchange rate between the Canadian and Australian dollars would affect shareholders' equity by approximately \$1,100.

OUTSTANDING SHARE DATA

Common shares and convertible securities outstanding at August 20, 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. 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 August 20, 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.