Adex Mining Inc.
Management's Discussion and Analysis
For the three and six months ended
June 30, 2008

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Discussion dated August 15, 2008

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Adex Mining Inc. ("Adex" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended June 30, 2008. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion dated August 15, 2008 should be read in conjunction with the consolidated interim financial statements as at and for the three and six months ended June 30, 2008 together with the notes thereto and the audited annual consolidated financial statements as at and for the year ended December 31, 2007 together with the notes thereto. Results are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

Further information about the Company and its operations can be obtained from the offices of the Company, the Company website, www.adexmining.com, or from www.sedar.com.

OVERVIEW OF THE BUSINESS AND OVERALL PERFORMANCE

The Company holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the "Property" or "Mount Pleasant"). Within the mineral rights area, the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. Two distinct poly-metallic mineral deposits have been identified during prior exploration and development programs. The principal metals include tungsten, molybdenum, tin and indium. The Property was mined for tungsten from 1983-85 by Billiton Exploration Canada Limited after which time it was closed due to numerous setbacks, including cost overruns, metallurgical difficulties and a significant decline in world prices of tungsten.

The Company has owned the Property since 1995. During 1995 to 1997 the Company embarked on various development activities. During the period from 1998 to July 2007, the Company kept its claims to the Property in good standing, but limited exploration activities were performed. On August 1, 2006, the Company completed a National Instrument 43-101 compliant technical report (available on SEDAR) on the Property that described the historical exploration and development of the Property since the 1950's along with a resource estimate and proposed a $1.1 million technical evaluation program. In light of improvements in global commodity prices, the Company has initiated a new program of exploration and development.

On July 16, 2007, the common shares of the Company commenced trading on Tier 1 of the TSX Venture Exchange under the symbol "ADE". Also during fiscal 2007, the Company completed three equity financings raising total gross proceeds of $12.5 million.

Using the net proceeds of these equity financings, the Company has embarked on an exploration and development program designed to fast-track the Property towards the Definitive Feasibility Study ("DFS") phase. Should the DFS provide a positive economic assessment, the Company could potentially move forward with a production decision, followed by a mine development process leading to a resumption of mineral production at Mount Pleasant.

The Company's exploration and development program leading to a DFS is comprised of the following components:

2008 Drill Program

The Company has completed a thirteen-hole phase I definition drill program at its tungsten-molybdenum bearing Fire Tower Zone ("FTZ") and its tin-indium-zinc-copper bearing North Zone ("NZ"). The purpose of the phase I drill program is to provide additional geological data required to update both mineralized zones at the Property to current National Instrument 43-101 (“NI 43-101”) indicated mineral resource status. Updating the mineral resource estimates to a NI 43-101 indicated status is a necessary prerequisite to advancing both the FTZ and NZ mineralized zones to DFS.

Drill core samples from all thirteen holes have been sent to SGS Laboratories for testing, and assay results for core samples taken from six of the seven NZ drill holes have been publicly disclosed by the Company, while assay results for the remaining NZ hole and all six FTZ holes remain pending.

Following the completion of the phase I drill program, the Company commenced a phase II exploration drill program designed to expand the size of the mineral resource at each of the FTZ and the NZ, which will potentially increase the life of any future mining operations at the Property. The Company expects the phase II drill program to be completed during the fourth quarter of 2008. When completed, the entire 2008 drill program will comprise approximately 13,000 meters of diamond drilling.

The FTZ of the Property contains a National Instrument 43-101 (“NI 43-101”) compliant inferred resource of 13,074,438 tonnes grading 0.35% tungsten trioxide (WO_3) and 0.21% Molybdenum Disulphide (MoS_2) as outlined in the NI 43-101 compliant Technical Review of the Mount Pleasant Property, Including a Mineral Resource Estimate for the Fire Tower Zone Southwestern New Brunswick dated August 1, 2006 completed by Paul Dunbar, M.Sc., P.Geo., Senior Associate Geologist, Andrew Hara, P.Eng., Senior Associate Mining Engineer, Robert de l'Etoile, M.Sc., P.Eng., Senior Associate Engineer, and Dorota A. El-Rassi, M.Sc., P.Eng., Geological Engineer of Watts, Griffis and McOuat Limited, and Dr. Trevor Boyd, Ph.D., P.Geo., Independent Consultant, which is available at www.sedar.com.

The Mount Pleasant exploration program is under the direction of Trevor Boyd, P.Geo, the Company's independent Geological Consultant and a qualified person for the purposes of NI 43-101. Dr. Boyd supervised the preparation of the technical information contained in this MD&A in compliance with NI 43-101.

Preparation of Updated NI 43-101 Technical Reports and Updated Mineral Resource Estimates

The Company has entered into an engagement with multinational geological consulting firm, Watts Griffis and McOuat Limited (“WGML”), to prepare updated mineral resource estimates and NI 43-101 compliant technical reports on each of the FTZ and NZ. As discussed above, updating the mineral resource estimates to indicated category at both mineralized zones is a necessary pre-requisite to advancing the Property to the DFS phase. Once SGS Laboratories in Toronto provides the Company with the assay results of all 13 drill holes from its phase I definition drill program, WGML will complete the updated mineral resource estimates and NI 43-101 technical reports. The Company expects that WGML will complete its updated mineral resource estimates and NI 43-101 Technical Reports during the fourth quarter of 2008.

Metallurgical Testing Program and Environmental Planning

In order to prepare for scoping and pre-feasibility level activities at the Property, the Company has commenced initial metallurgical testing to optimize the extraction and recovery of the four primary metals – tungsten, molybdenum, tin and indium – that are hosted at Mount Pleasant in the two mineralized zones. The Company awarded its initial gravity separation test work to SGS Lakefield Research Europe, a leading multinational metallurgical testing facility located in the United Kingdom.

The results of the initial gravity separation test work will enable the Company to develop a conceptual, metallurgical flow sheet design for the separation, extraction and recovery of the metals hosted at Mount Pleasant.

Pursuant to an Approval to Operate granted by the New Brunswick Ministry of Environment in November 2007, the Company has undertaken a construction program to upgrade its existing tailings impoundment facility located at the Property. Although the Approval to Operate does not currently permit mining operations at the Property, the Company expects that once it completes a DFS, it will commence the process of obtaining regulatory approval for a mining license which would be necessary for resumption of mineral production.

Scoping Study on the Fire Tower Zone

In June 2008, the Company engaged multinational engineering consulting firm, Aker Solutions Canada Inc., to conduct a scoping study on the FTZ. An important step in assessing the economic potential of the FTZ's tungsten-molybdenum mineralization, the scoping study will be undertaken in compliance with National Instrument 43-101 technical requirements. The study was commenced on June 30, 2008 and is expected to be completed during the fourth quarter of 2008.

The scoping study is designed to generate capital and operating cost estimates for the FTZ at a scoping level of definition. In support of these cost estimates, the study is to include a process equipment list, process building major equipment layout, proposed tailings management systems and projected additional site infrastructure needs, as well as a number of other deliverables.
A positive indication from the scoping study would assist the Company in determining the viability of proceeding with a full feasibility study on its FTZ, which would be an important step towards the resumption of active mining.

Once updated mineral resource estimates and a NI 43-101 Technical Report are completed for the Property's tin-indium-zinc-copper bearing NZ, it is expected that the Company will commission a similar scoping level study to assess the economic potential of mining this mineralized zone as well.

RESULTS OF OPERATIONS

Three months ended June 30, 2008

The Company's net loss for the three months ended June 30, 2008 was $498,325 or $0.01 per share ($798,603 or $0.02 per share for the three months ended June 30, 2007). The principal components of net loss during the three months ended June 30, 2008 were administrative and general expenses of $272,381 ($265,543 for the three months ended June 30, 2007), stock based compensation of $158,893 ($471,500 for the three months ended June 30, 2007) and mineral properties expenses of $106,570 ($23,848 for the three months ended June 30, 2007). Interest earned on funds on deposit for three months ended June 30, 2008 for the Company was $39,813 (Nil for the three months ended June 30, 2007).

Six months ended June 30, 2008

The Company's net loss for the six months ended June 30, 2008 was $998,762 or $0.01 per share ($1,044,284 or $0.03 per share for the six months ended June 30, 2007). The principal components of net loss during the six months ended June 30, 2008 were administrative and general expenses of $530,080 ($412,105 for the six months ended June 30, 2007), stock based compensation of $293,998 ($471,500 for the six months ended June 30, 2007) and mineral properties expenses of $263,953 ($47,266 for the six months ended June 30, 2007). Interest earned on funds on deposit for six months ended June 30, 2008 for the Company was $89,857 (Nil for the six months ended June 30, 2007).

ADMINISTRATIVE AND GENERAL EXPENSES

The major changes to administrative and general expenses between the three and six months ended June 30, 2008 and the three and six months ended June 30, 2007 included increased administrative costs encompassing regulatory compliance and management of the Company, and investor relations. This has required additional staff and professional time. For the three and six months ended June 30, 2008, legal and audit expenditures were significantly reduced in comparison to the same periods in 2007. The 2007 costs were related to the Company's activities in relation to having the cease trade orders applicable to the Company revoked and the listing of the common shares of the Company on the TSX Venture Exchange, as well as financing and marketing activities. The expenditures for the same periods in 2008 reflect costs incurred in the normal course of business operations. During the three and six months ended June 30, 2008, the Company also paid directors fees to its independent directors. In the same period in 2007, the Company had not yet commenced the payment of these fees.

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	**2008**	2007
	$	$	**$**	$
Wages, benefits and consulting	**169,350**	80,010	**264,577**	155,864
Shareholder communications, advertising and regulatory and filing fees	**52,690**	56,347	**146,477**	66,288
Directors fees	**18,000**	-	**36,000**	-
Professional fees (legal & audit)	**12,823**	115,197	**49,617**	173,284
Travel	**6,830**	547	**8,859**	703
Insurance	**6,345**	-	**10,890**	-
Office costs	**6,343**	14,442	**13,660**	15,966
	272,381	266,543	**530,080**	412,105

MINERAL PROPERTY EXPENDITURES

The major changes to mineral property expenses between the three and six months ended June 30, 2008 and the three and six months ended June 30, 2007 have been due to increased activity related to the drilling and exploration program, tailings dam remediation, care and maintenance activities and the costs related to environmental compliance. As a result of equity financings completed in 2007, interest generated on cash deposits for the three and six months ended June 30, 2008 increased in comparison to the same periods in 2007.

	For the thee months ended June 30		For the six months ended June 30	
	2008	2007	**2008**	2007
	$	$	**$**	$
Drilling and exploration	**1,471,752**	-	**1,929,407**	-
Tailings dam remediation	**224,887**	-	**224,887**	-
Wages and consulting	**59,199**	20,840	**165,040**	41,693
Maintenance and equipment rental	**46,902**	6,974	**80,763**	10,582
Environmental compliance	**9,575**	-	**28,007**	-
Utilities	**9,256**	5,175	**33,739**	12,183
Property taxes	**5,585**	5,565	**11,779**	11,737
Other	**11,444**	2,238	**18,757**	4,958
Interest income	**(29,391)**	(10,944)	**(62,132)**	(22,000)
Rental income	**(6,000)**	(6,000)	**(12,000)**	(13,200)
Total mineral property expenditures	**1,803,209**	23,848	**2,418,247**	58,386
Amount expensed	**106,570**	23,848	**263,953**	58,386
Amount deferred	**1,696,639**	-	**2,154,294**	-

SUMMARY OF QUARTERLY RESULTS

A summary of the eight most recent quarters is as follows:

	June 30, 2008	**March 31, 2008**	**December 31, 2007**	**September 30, 2007**
	$	$	$	$
Net income (loss) for the period	(498,325)	(500,438)	592,871	(797,360)
Net income (loss) per share - basic and diluted	(0.01)	(0.01)	0.01	(0.01)

	June 30, 2007 $	March 31, 2007 $	December 31, 2006 $	September 30, 2006 $
Net (loss) income for the period	(798,603)	(245,680)	(371,707)	91,555
Net income (loss) per share - basic and diluted	(0.02)	(0.01)	(0.02)	0.00

The changes in net income per quarter are reflective of increased expenditures related to the listing of the common shares of the Company on the TSX Venture Exchange and the completion of the equity financings by the Company in 2007, as well as the ongoing administrative and general costs, and mine site care and maintenance costs that result from the current efforts aimed at moving the Property towards production.

- The net income of the Company for the three months ended September 30, 2006 was positively impacted by the settlement of an outstanding account payable of the Company which resulted in the Company recognizing a gain of $309,940.
- The net losses of the Company for the three months ended December 31, 2006, March 31, 2007, June 30, 2007 and September 30, 2007 reflect administrative, legal and audit expenditures related to the Company's activities in relation to having the cease trade orders applicable to the Company revoked and the listing of the common shares of the Company on the TSX Venture Exchange, as well as financing and marketing activities.
- The net income of the Company for the three months ended December 31, 2007 was as a result of an income tax gain of $1,050,000 resulting from the tax treatment of the renunciation to the holders of the Company's flow through common shares of Canadian Exploration Expenses incurred by the Company.
- The net loss of the Company for the three months ended March 31, 2008 and June 30, 2008 reflect administrative and financing and marketing activities as well as non -deferred care and maintenance costs related to the Property.

The Company does not consider the effects of seasonality to be significant.

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

As at June 30, 2008, the Company had net working capital of $7,139,543 ($8,645,669 as at December 31, 2007) and no long term liabilities.

With the receipt of the net proceeds of the offering of subscription receipts and flow through shares completed in 2007, the Company has sufficient funds to engage in evaluation and development work on the Mount Pleasant property and continue with this work through 2008. The gross proceeds of the offering of flow through shares are being used to incur exploration expenditures which are eligible as Canadian Exploration Expenses under the Income Tax Act (Canada). The exploration expenditures will be used to advance and accelerate exploration at the Property.

During the 2008 fiscal year, the Company intends to expend approximately $5.5 million on exploration and development of the Property. Of the $5.5 million, the Company has allocated $3 million to the exploration program funded by the issuance of flow through common shares in November 2007. The remaining $2.5 million will cover the administrative requirements of the Company of approximately $1 million, as well as an additional $1.5 million towards improving mine site infrastructure, metallurgical test work, completion of the scoping study and environmental compliance.

Further development work, which may include a DFS and de-watering activities, will commence if and when the Company deems such expenditures prudent and beneficial based on results from its exploration and development program. The Company may require additional capital in order to undertake such further development work which will be raised by issuing debt and/or equity or entering into a joint venture to pursue the project with a third party.

FINANCIAL INSTRUMENTS

The carrying amount of financial instruments approximates fair value unless otherwise noted. The Company's financial assets include the reclamation bond and interest receivable on the reclamation bond. As this bond and interest accrued are on deposit with the province of New Brunswick, the Company does not consider these assets to be subject to credit risk.

SHARE CAPITAL

The following table provides the details of changes in the number of issued common shares.
The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares.

	Number of shares	Amount $
Balance December 31, 2007	74,659,015	37,070,091
Warrants exercised	2,696,550	359,824
Balance March 31, 2008	77,355,565	37,429,915
Warrants exercised	10,761,796	1,429,409
Balance June 30 and August 15, 2008	88,117,361	38,859,324

On January 30, 2008, the Company granted 50,000 common share options with an exercise price of $0.33 to a consultant providing project management services to the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on January 30, 2013

On May 24, 2008, 1,800,000 broker compensation warrants, exercisable at $0.30 per common share, expired unexercised.

On June 11, 2008, the Company granted an aggregate of 1,600,000 common share options with an exercise price of $0.30 to directors, officers, certain employees and consultants of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on June 11, 2013

As of June 30, 2008, the Company had 250,000 warrants, 350,000 compensation warrants and 5,890,000 options outstanding. Each of the outstanding warrants, compensation warrants and options is exercisable to purchase one common share. The number of common shares outstanding on a fully-diluted basis as at June 30, 2008 is 94,607,365. Subsequent to June 30, 2008, 190,000 common share stock options expired unexercised. As of August 15, 2008, the number of common shares outstanding on a fully-diluted basis is 94,417,365.

RELATED PARTY TRANSACTIONS

During the three month period ended June 30, 2008, the Company incurred expenses of $73,500 (three month period ended June 30, 2007 - $43,000), related to the payment of director's fees to the Company's three independent directors (Bill Burton, Alan Marshall and Norman Betts) and the payment of management fees to the Company's three senior officers (Kabir Ahmed, President & Chief Executive Officer, Errol Farr, Chief Financial Officer and Will Burton, Controller). Of the $73,500, $18,000 represented directors fees, while the balance of $55,500 represented management fees. During the six month period ended June 30, 2008, the Company incurred expenses of this nature of $147,000 (six month period ended June 30, 2007 - $92,000). These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts owing are measured at the exchange amount.

In June 2007, the Company paid bonuses of an aggregate of $90,000 (six month period ended June 30, 2007 - Nil) to Kabir Ahmed, the President & Chief Executive Officer; Errol Farr, Chief Financial Officer and Will Burton, Controller as a special bonus in recognition of their efforts with regard to the Company's progress.

There are no amounts payable to these related parties at June 30, 2008. The amounts paid and owing are measured at the exchange amount, are non-interest bearing and due on demand.

ACCOUNTING POLICIES CHANGES

The consolidated financial statements of the Company for the three and six months ended June 30, 2008 have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a basis consistent with the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2007 (except as noted below), and should be read in conjunction with those statements as they do not contain all information or disclosure to be accordance with Canadian generally accepted accounting principles for annual financial reporting. In the opinion of management, all adjustments considered necessary for fair presentation have been included in the consolidated financial statements of the Company for the three and six months ended June 30, 2008. Operating results for the three and six months ended June 30, 2008 may not be indicative of the results that may be expected for the full year ending December 31, 2008.

Use of estimates and assumptions

The preparation of the unaudited interim period consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the unaudited interim period consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that may be undertaken in the future. Actual results could differ from these estimates.

Change in accounting policy – Capital Disclosures

Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535 - Capital Disclosures specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new section places increased emphasis on disclosures about the nature and extent of risks and as did not have an impact on the Company's financial results or position.

Change in accounting policy – Financial Instruments – Disclosure and Presentation

CICA Handbook Sections 3862 - Financial Instruments – Disclosure~~,~~ and 3863 Financial Instruments – Presentation, have been adopted for interim and annual financial statements for the Company's reporting period beginning on January 1, 2008. The new Handbook Sections 3862 and 3863 replace Handbook Section 3861 - Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks and as such did not have an impact on the Company's financial results or position.

Change in accounting policy - General Standards of Financial Statement Presentation

The CICA amended Handbook Section 1400 - General Standards of Financial Statement Presentation to include requirements to assess and disclose an entity's ability to continue as a going concern. The main features of the changes are as follows:

- Management is required to make an assessment of an entity's ability to continue as a going concern;
- In making its assessment, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date;
- Financial statements must be prepared on a going concern basis unless management intends to liquidate the entity, to cease trading or cease operations, or has no realistic alternative but to do so;
- Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern; and
- When financial statements are not prepared on a going concern basis, that fact should be disclosed, together with the basis on which the financial statements are prepared and the reason the entity is not regarded as a going concern.

The adoption of this change in accounting policy had no impact on the Company's financial results or position.

Future changes in accounting policy – Goodwill and Other Intangible Assets and Financial Statement Concepts

In November 2007, the CICA:

- Issued amendments to Handbook Section 1000 - Financial Statement Concepts and AcG 11 - Enterprises in the Development Stage.
- Issued a new Handbook Section 3064 - Goodwill and Intangible Assets to replace Handbook Section 3062 - Goodwill and Other Intangible Assets, and
- Withdrew Handbook Section 3450 - Research and Development Costs and amended EIC 27 - Revenues and Expenditures During the Pre-operating Period to not apply to entities that have adopted Section 3064.

These amendments provide guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The amendments are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 and, therefore, the Company will implement them in the first quarter of 2009, retroactively with restatement of the comparative periods for the current and prior year. The impact of implementing these amendments on the Company's financial statements is currently being assessed.

RISK FACTORS

Given the Company's current status as an exploration stage company, there are numerous risk factors that could affect the Company's business prospects and future performance, including the following. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also affect the Company's business prospects and future performance.

Operating History

The Company has a very limited history of operations and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and an absence of revenues. There is no assurance that the Company will be successful in achieving a return on shareholder investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no intention of paying any dividends in the foreseeable future.

Highly speculative business

The nature of the Company's business is highly speculative due to its proposed involvement in the exploration, development and production of minerals. Exploration for minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that any commercial quantities of ore will be discovered by the Company. The commercial viability of a mineral deposit, if discovered, depends upon a number of factors including the particular attributes of the deposit (principally size and grade), the proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes base metal prices to fluctuate substantially over short periods of time. Most of these factors are beyond the control of the Company. Mineral exploration and development are highly speculative and few properties that are explored are ultimately placed into commercial production.

Insufficient resources or reserves

Substantial additional expenditures will be required to establish either resources or reserves on mineral properties and to develop processes to extract the minerals. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all.

Barriers to commercial production
The Company will rely upon consultants and others for construction and operating expertise. The economics of developing mineral properties are affected by many factors including, but not limited to, the cost of operations, grade of ore, fluctuating mineral markets, costs of processing equipment, competition, extensions on licenses and other factors such as government regulations, including regulations relating to title to mineral concessions, royalties, allowable production, importing and exporting of minerals and environmental protection. Many of the above factors are beyond the control of the Company. Depending on the price of minerals produced, the Company may determine that it is impractical to either commence or continue commercial production.

Additional capital
The exploration and development of the Property will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on the Property. The Company will also require additional funding to acquire further property interests. The ability of the Company to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and security holders may suffer additional dilution.

Commodity price and exchange rate fluctuations
The feasibility of mineral exploration is significantly affected by changes in the market price of the minerals expected to be produced. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of minerals and stability of exchange rates can all cause significant fluctuations in mineral prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Key officers, consultants and employees
The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company’s success. The Company has not purchased any key-man insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

Title
No assurances can be given that title defects to the Property do not exist. The Property may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate and interest in and to the Property to which the title defect relates.

Title to mineral interests in some jurisdictions is often not susceptible to determination without incurring substantial expense. In accordance with industry practice, the Company conducts such title reviews in connection with its properties as it believes are commensurate with the value of such properties. The actual interest of the Company in certain properties may vary from the Company’s records.

Maintaining interests in mineral properties
The Company’s continuing right to maintain its ownership in its mineral property interests will be dependent upon compliance with applicable laws and with agreements to which it is a party. There is no assurance that the Company will be able to obtain and/or maintain all required permits and licences to carry on its operations. Additional expenditures will be required by the Company to maintain its interests in its properties. There can be no assurance that the Company will have the funds, will be able to raise the funds or will be able to comply with the provisions of the agreements relating to its properties which would entitle it to an interest therein and if it fails to do so its interest in certain of these properties may be reduced or be lost.

External market factors
The marketability and price of minerals which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. The Company will be affected by changing production costs, the supply or/and demand for minerals, the rate of inflation, the inventory levels of minerals held by competing companies, the political environment and changes in international investment patterns.

Governmental and regulatory requirements
Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent that such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, which may include requirements for the Company to take corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in the development of properties.

Environmental regulations
All phases of the Company's operations are subject to environmental regulation. Environmental legislation is becoming more strict, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that environmental regulation will not adversely affect the Company's operations. Environmental hazards may exist on a property in which the Company holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property. The Company has in place a program of regular environmental monitoring to ensure compliance with existing environmental regulations.

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means standards, and enforcement, fines and penalties for non-compliance are more stringent.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to fully comply with all environmental regulations in all of the countries in which it is active.

Conflicts of interest
Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (Ontario), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers.

Uninsured risks
The Company currently has liability insurance in an amount which management considers adequate. However, in the future, the costs of such insurance may become prohibitive. The nature of the risks for mining companies is such that liabilities might exceed policy limits, certain liabilities and hazards might not be insurable, or the Company might, in the future, elect not to insure itself against such liabilities due to high premium costs or other reasons. Should such liabilities occur, the Company would incur significant costs that would have a material adverse effect upon its financial condition.

COMMITMENTS, CONTINGENCIES AND GUARANTEES

In the normal course of operations, the Company executes agreements that provide for indemnification and guarantees to third parties in transactions such as equity and debt issuances. The nature of substantially all of the indemnification undertakings prevents management from making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time.

As the owner of the land which the Mount Pleasant property is located, which includes a dormant mine, the Company is obliged to comply with an environmental reclamation plan which is in effect for the property. This obligation is secured by a collateral mortgage to the Province of New Brunswick for $2 million on 22 hectares of land on which the primary buildings are located.

Reclamation bonds consist of Province of New Brunswick 8.5% bonds maturing June 28, 2013. The bonds are pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine shafts. The bonds are held for the benefit of the Company, and interest is accrued bi-annually, as long as the Company continues to treat the acid water run-off appropriately. Accrued interest on deposit is disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick.

SUBSEQUENT EVENTS

Expiry of options

On August 8, 2008, 190,000 options expired unexercised.

OUTLOOK

The Company has embarked on an exploration and development program designed to fast-track the Property towards the Definitive Feasibility Study (“DFS”) phase. Should the DFS provide a positive economic assessment, the Company could potentially move forward with a production decision, followed by a mine development process leading to a resumption of mineral production at Mount Pleasant.

The Company has entered into engagements with leading multinational engineering, metallurgical and geological consulting firms to move the Property forward towards the DFS stage of development. As the Company progresses on its pathway to a DFS, it may also consider joint venturing opportunities with senior mining companies in order to accelerate the timeline from a DFS to mine development and then ultimately the resumption of mineral production at Mount Pleasant.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, including the risk factors summarized above under the heading “Risk Factors”. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.