

**ALDERSHOT RESOURCES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended April 30, 2009

# **ALDERSHOT REOURCES LTD.**

For the three months ended April 30, 2009

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## **1.1 DATE**

This Management's Discussion and Analysis ("MD&A") of Aldershot Resources Ltd. ("Aldershot" or the "Company") has been prepared by management as of June 3, 2009 and should be read in conjunction with the audited financial statements and related notes thereto of the Company, as at and for the years ended January 31, 2009 and 2008, which were prepared in accordance with Canadian generally accepted accounting principles. The Company's Audit Committee has reviewed and approved this MD&A.

## **1.2 OVERALL PERFORMANCE**

### **Current Quarter Highlights**

- The Company completed its rationalization of its land positions to enhance shareholder value given the limited cash resources. The remaining licences in the Northern Territory of Australia were optioned out to Royal Resources Limited ("Royal") and the licences in Zambia were optioned out to African Energy Resources Zambia Ltd. Management will continue to pursue all avenues to enhance the Company's operations through business combinations, new opportunities, etc.
- The Company conducted minimal exploration programs spending a total of \$35,994 for the three months ended April 30, 2009 on its properties. During the period under review, the majority of the work was conducted to enable the Company to complete the agreements on the Northern Australian and Zambia properties noted above. As a result, the remaining exploration staff were terminated in the current quarter due to the completion of the rationalization of the Company's properties.
- The Company received cash of \$83,937 from Royal in conjunction with the joint venture agreement noted above which is recorded as a recovery of exploration costs.
- The Company announced that it intends to raise approximately \$265,000 in funds through a non-brokered private placement which will be used for working capital purposes.
- Operating expenses have decreased from the prior quarter from \$167,610 to \$92,949 for the current quarter due to management's efforts to reduce costs as well as the general reduced operating activity.

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### **Company Overview**

The Company was incorporated on September 8, 1987 under the name Quattro Resources Ltd. and on October 31, 2001, changed its name to Aldershot Resources Ltd. Aldershot is a publicly traded corporation listed on the Toronto Venture Stock Exchange under the symbol ALZ. The address of the registered and records office and the address for service of the Issuer is 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, B.C. V6C 2T5. The business address of the Issuer is Suite 209, Old Stock Exchange Building, 475 Howe Street, Vancouver, BC., V6C 2B3.

The Company is engaged in the acquisition and exploration of resource properties. The Company has not yet determined whether their properties contain enough mineral reserves, such that their recovery would be economically viable.

The mission of Aldershot is to find and develop a uranium prospect to create wealth for shareholders. This is being achieved through acquiring and exploring properties which have the highest potential for future discoveries or development of existing uranium resources into mineable reserves. Management reviewed all of its properties and exited agreements which required significant cash and share issuance outlays for the properties which the Company cannot currently afford in this difficult market environment. Management has also been successful in entering into agreements with other companies retaining some percentage ownership in its core holdings, while granting other companies options to earn interests in the properties by them undertaking the exploration work at no cash cost to the Company.

Management is well-rounded with the necessary skills required to achieve success, both in the technical and financial area with experienced mining engineers and those with entrepreneurial and financial experience. Shareholders are represented by a strong Board of Directors, experienced in the mining industry.

### **Current Status of Resource Properties**

#### **Australia**

Northern Australia

Aldershot entered into an agreement with Royal Resources Limited ("Royal"), granting them the option to acquire a 60% interest in the its remaining licences in the Northern Territory. Under the terms of the agreement, Royal paid the Company \$83,937 (AUD \$100,000) and must spend AUD \$900,000 (CAD \$765,000) of exploration expenditures on the properties over a three year period. The Company retains a 2% NSR on the Mt. Thomas licence which it sold last year.

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### Western Australia

The Company entered into an agreement with Cameco Australia Pty Ltd. ("Cameco") granting Cameco the option to acquire a 70% interest in the Turee Creek licence. Under the terms of the agreement, Cameco paid the Company \$197,474 and must spend at least AUD \$2,500,000 (CAD \$2,125,000) on the property over a four year period. Cameco has informed management that it plans to commence work preliminary to the 1,000m drill program it has committed to carry out within the first 12 months of the joint venture.

The Company maintains a licence in the Yuinmery area. All rents have been paid and reports submitted as required to maintain the licence in good standing.

### **Kariba Project, Republic of Africa, Zambia**

The Company entered into an agreement with African Energy Resources Zambia Ltd. ("African Energy"), granting African Energy the option to acquire an initial 51% interest in the Company's licences in Zambia. Under the terms of the agreement, African Energy must spend at least AUD \$500,000 (CAD \$425,000) in exploration expenditures on the properties over a three year period. African Energy can increase its ownership to 70% through the completion of a Prefeasibility Study on an inferred resource.

### **Canada**

During the prior year Aldershot exited its exploration programs in Canada and does not currently own any properties in Canada and is conducting no exploration programs there.

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### **Risk Factors**

Through its operations, the Company is exposed to various business risks outlined below. Additional risks and uncertainties, including those that we are not aware of now or that we currently deem immaterial, may also adversely affect our business.

- The Company has not been profitable since inception and it may continue to incur substantial losses.
- The Company operates in the highly speculative business of mining exploration and development and is currently in the exploration stage. The Company has not yet determined whether their properties contain enough mineral reserves, such that their recovery would be economically viable.
- The Company is exploring for uranium and this commodity is subject to pricing and other risks.
- The Company may not be able to secure adequate financing to support the expenditures required to sustain the Company until profitable operations are achieved.
- The Company operates in several jurisdictions and although professional advice is obtained to ensure the Company meets all the local requirements, there may be deficiencies in some areas.
- The Company faces currency risks in its operations.
- The Company has limited personnel with various degrees of knowledge concerning their area of expertise and there may be instances where segregation of duties does not exist and reliance must be placed on outside advisors to assist with complex areas.

The Company undertakes its best efforts to mitigate the above risks using the resources at its disposal, but believes that uncertainties and risks do exist in its business operations.

The Company has incurred losses since inception and as at April 30, 2009, the Company had an accumulated deficit of \$17,458,997. The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is in substantial doubt and is dependent upon the continued support from its directors, the ability to continue to raise adequate financing or achieving profitable operations in the future, the outcome of which cannot be predicted at this time. Management is seeking financing and business opportunities, including joint venture or merger opportunities or acquisition of properties to continue operations. Financing options available to the Company include public equity financings, loans and tax credit refunds. The Company's consolidated financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Further details on financing alternatives available to the Company are more fully discussed in 1.6/1.7 LIQUIDITY AND CAPITAL RESOURCES.

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### **Financial Performance**

During the three months ended April 30, 2009, the Company did not undertake any significant exploration work, but rather focused on rationalizing the Company's current land holdings and executed two joint venture agreements. Exploration costs amounted to \$35,994 (net of exploration recoveries of \$83,937 resulting in a net recovery of \$47,943) for the three months ended April 30, 2009 compared to costs of \$138,408 (net of exploration recoveries of \$136,764 resulting in net costs of \$1,644) for the prior quarter ended April 30, 2008.

The Company's operating costs (other than exploration expenses) were lower primarily due to management's efforts to reduce costs as well as reduced operating activity. Overall expenses decreased from \$167,610 for the three months ended April 30, 2008 to \$92,949 for the three months ended April 30, 2009. The main decreases were noted in consulting fees, rent and salaries and benefits administration.

The Company received a recovery of exploration costs of \$83,937 relating to the agreement with Royal with respect to the Northern Territory licences as noted above. This compares to a recovery of exploration costs of \$136,764 due to the sale of the Mt. Thomas licence in the Northern Territory in the previous quarter.

At April 30, 2009, the Company had cash and cash equivalents on hand of \$133,733 compared to \$213,749 on January 31, 2009. The Company will require further financing for its operations and for general working capital purposes. Further details on financing alternatives available to the Company are more fully discussed in 1.6/1.7 LIQUIDITY AND CAPITAL RESOURCES.

### **Company Objectives and the Year Ahead**

The company's corporate objectives are to continue to pursue other opportunities to enhance shareholder value including business combinations, joint venture agreements and any other appropriate business ventures. The Company has been successful in rationalizing its land holdings with various joint venture agreements which enable exploration to continue on the properties at no-cash cost to the Company. As well, properties were all reviewed and returned to the vendors where the Company determined the cost was prohibitive based on the assessment of opportunities available on the particular properties. The Company has managed its cash flow through these challenging times and will continue to minimize its expenditures as much as possible until financing markets are more favourable.

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### 1.3 SELECTED ANNUAL INFORMATION

	Year ended January 31		
	2009	2008	2007
Exploration costs	\$ (555,460)	\$ 2,825,573	\$ 1,016,235
Other operating expenses	628,957	1,949,080	1,352,074
Foreign exchange loss (gain)	(8,427)	102,542	(6,990)
Gain on sale of equipment	(21,764)	-	-
Interest income	(16,050)	(62,950)	(19,848)
Write-down of resource properties	2,377,045	1,013,750	62,000
Net loss	2,404,301	5,827,995	2,403,471
Basic and diluted (loss) per share	\$ (0.04)	\$ (0.10)	\$ 0.07
Resource properties acquisition costs	-	2,194,625	1,040,075
Total assets	318,321	2,979,045	1,455,605
Shareholders' equity	203,350	2,550,916	1,205,142

The above financial information has been prepared in Canadian dollars in accordance with Canadian generally accepted accounting principles.

### 1.4 RESULTS OF Q1 2010 OPERATIONS

Aldershot did not spend significant amounts on **exploration costs** during the year, whereby the effort was undertaken on rationalizing its current properties and concluding on executing the joint venture agreements with Royal and African Energy in respect of the Northern Territory and the Zambia licences as described above. A total of \$35,994 was spent on exploration for the current quarter compared to \$138,408 in the prior quarter. With the receipt of the Northern Territory exploration cost recoveries of \$83,937, this resulted in a net (recovery) on exploration for the three months ended April 30, 2009 of \$(47,943). This compares to net exploration costs of \$1,644 for the previous quarter. All exploration personnel were terminated in the current quarter upon the completion of these agreements.

The Company's other operating expenses decreased during the current quarter compared to the prior quarter. Significant changes in these expenses are outlined below.

**Consulting fees** were reduced from \$31,300 to \$12,500 due to less activity in the company this quarter and more organizational work undertaken in the prior year.

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**Rent** was reduced from \$25,521 to \$5,238 due to the Company down-sizing its space requirements.

**Salaries and benefits administration** also decreased from \$46,829 to \$36,121 due to reduced rates paid to management.

There was limited funds held in foreign currencies this quarter resulting in no significant **foreign exchange gains** compared to the prior quarter. As well there were sales of equipment which resulted in **gains on sales of equipment** and **write-offs of resource properties' costs** in the prior quarter which did not occur in the current quarter.

**The Company's net (loss)** for the three months ended April 30, 2009 was \$(45,158), (\$0.01) per share, compared with a net loss of \$(273,057) (\$0.01) per share in the prior quarter.

Aldershot's **cash and cash equivalents** amounted to \$133,733 at April 30, 2009 compared to \$213,749 at January 31, 2009. Working capital was \$92,141 at January 31, 2009 compared to \$131,335 at January 31, 2009. The Company will require further financing to fund its operations and for general working capital purposes. See details on financing alternatives available to the Company as more fully discussed in 1.6/1.7 LIQUIDITY AND CAPITAL RESOURCES.

### **Commitments and Contingencies**

The Company has no commitments for lease rentals, nor any property commitments. The Company is not involved in any legal disputes and has a contingency to a maximum of \$6,000 that may be required when remedial work is completed on the Quebec properties later this year.

### **Segmented Information**

All of the Company's operations are in the mineral resource exploration industry with its principal business activity in the acquisition and exploration of mineral resource properties. The Company has no value assigned to its resource properties as at April 30, 2009. The expenditures (recoveries) on exploration costs for the three months ended April 30, 2009 are : \$(60,840) in Australia and \$12,897 in Zambia. The cash and cash equivalents and the equipment are located as follows: \$101,591 in Canada and \$98,193 in Australia.

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## 1.5 SUMMARY OF QUARTERLY RESULTS

	2010		2009		2008			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Exploration costs</b>	\$ (47,943)	\$ (158,840)	\$ (432,320)	\$ 34,056	\$ 1,644	\$ 391,590	\$ 981,428	\$ 1,180,873
<b>Stock based comp (non-cash)</b>	-	-	-	-	-	42,486	77,706	616,449
<b>Other cash expenses</b>	92,949	110,088	172,047	179,212	167,610	250,495	284,597	366,892
<b>Interest income</b>	(711)	(12,347)	(688)	(751)	(2,264)	(1,887)	(30,865)	(26,128)
<b>FX, gain on sale</b>	863	2,534	4,556	1,415	(38,696)	5,745	59,488	12,697
<b>Write-down of prop</b>		2,228,882		3,400	144,763	1,013,750	-	-
<b>Net loss</b>	\$ (45,158)	\$ (2,170,317)	\$ 256,405	\$ (217,332)	\$ (273,057)	\$ (1,702,179)	\$ (1,372,354)	\$ (2,150,783)
<b>Loss per share</b>								
<b>Basic &amp; diluted</b>	\$ (0.01)	\$ (0.02)	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)
<b>Resource properties</b>	\$ -	\$ -	\$ 2,228,882	\$ 2,066,125	\$ 2,054,125	\$ 2,194,625	\$ 3,310,132	\$ 2,155,082
<b>Total assets</b>	\$ 230,395	\$ 318,321	\$ 2,579,768	\$ 2,591,864	\$ 2,636,588	\$ 2,979,045	\$ 4,507,989	\$ 4,648,149
<b>Total liabilities</b>	\$ 72,203	\$ 114,971	\$ 206,101	\$ 474,602	\$ 358,729	\$ 428,129	\$ 338,500	\$ 304,562
<b>Shareholders' equity</b>	\$ 158,192	\$ 203,350	\$ 2,373,667	\$ 2,117,262	\$ 2,277,859	\$ 2,550,916	\$ 4,169,489	\$ 4,343,587

Note: Certain of prior period quarterly amounts have been reclassified to conform with the financial statement presentation adopted in the current year. The Q1 2009 figures have been restated to reflect the adjustment to stock-based compensation expense as explained in Note 2 to the consolidated financial statements. The Company's cash expenses are decreasing over the quarters due to reduced activity and all of the Company's resource properties were written off in Fiscal 2009 and Fiscal 2008.

Note: Loss per share amounts disclosed above on a quarterly basis may not necessarily equal the cumulative amounts disclosed in the Company's annual financial statements, due to the timing of changes in the weighted average number of shares throughout the year versus the weighted average number of shares throughout the quarter.

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### **1.6/1.7 LIQUIDITY AND CAPITAL RESOURCES**

The Company held cash and cash equivalents of \$133,733 as at April 30, 2009 compared to \$213,749 as at January 31, 2009. The Company reported working capital of \$92,141 at April 30, 2009 compared to \$131,335 at January 31, 2009.

The Company used cash of \$78,948 in its operations for the quarter ended April 30, 2009 compared to using cash of \$163,693 for the quarter ended April 30, 2008. The Company used cash of \$1,068 in the current quarter compared to generated cash of \$5,800 in the previous quarter in regards to financing activities. Aldershot generated \$Nil from investing activities for the three months ended April 30, 2009 compared to cash generated of \$130,547 from the sale of equipment for the three months ended April 30, 2008.

During the current quarter, the Company received exploration recoveries totalling \$83,937. Management does not expect any significant amounts for similar transactions in the upcoming year.

The Company has no contractual commitments for operating leases. The Company does not have any cash or share commitments with respect to its resource properties.

The Company is dependent upon its ability to raise additional funds to support its operations and it does require additional financing since it is an exploration stage company with no current sources of revenue. Funding options available to the Company are limited in this market and are outlined below.

The Company will utilize the public market when practicable to raise the additional funds it requires, either through brokered or non-brokered private placements. Subsequent to the quarter-end, the Company announced its intention to raise \$265,790 in private placement financing through the issuance of 8,859,667 units at \$0.03 per unit with each unit enabling the holder to purchase one common share and one share purchase warrant to purchase an additional common share within two years at \$0.05 in the first year and at \$0.10 in the second year. This financing is expected to close in the second quarter of this year. It is currently seeking a joint venture partner for its remaining Yuinmery licence and has been successful in optioning out all of its other properties to share the costs and risks in exploring them. The Company has periodically raised funds through debt financing as well, but this option is limited. Aldershot has 3,510,000 stock options outstanding, exercisable at a weighted average price of \$0.26 which expire from 2009 to 2012. The Company does not expect to generate any cash from the exercise of these options in the near future.

Management continues to downsize its operations to maximize its cash runway and seek other business opportunities to enhance and continue the Company's operations in this difficult market environment.

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### **1.8 OFF-BALANCE SHEET ARRANGEMENTS**

Aldershot does not utilize off-balance sheet arrangements.

### **1.9 TRANSACTIONS WITH RELATED PARTIES**

[a] Related party transactions with directors and officers or companies controlled by them during the three months ended April 30 are as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Exploration costs--geological consulting fees	—	11,018
Consulting fees	2,500	5,000
Rent	3,153	21,680
Gain on sale of equipment	—	13,559

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

[b] The balances due from (to) related parties are non-interest bearing and have no fixed repayment terms.

### **1.10 FOURTH QUARTER**

Please see 1.5 SUMMARY OF QUARTERLY RESULTS for information on the fourth quarter of 2009.

### **1.11 PROPOSED TRANSACTIONS**

None.

### **1.12 CRITICAL ACCOUNTING ESTIMATES**

Not applicable as the Company is a venture issuer.

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### **1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

#### **Changes in accounting policies**

None.

#### **Initial adoption of accounting policies**

None.

#### **New Canadian Accounting Standards**

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for public companies in Canada (i.e., IFRS will replace Canadian generally accepted accounting principles for public companies). The official changeover date will apply for interim and financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company has determined that the key elements of this IFRS changeover on the Company will be in the areas of accounting for resource properties' acquisition and exploration costs, impairment of long-lived assets, accounting for reclamation costs, accounting for share capital including stock options and warrant valuations and general IFRS disclosure requirements. The Company is currently assessing the specific impact on the Company's financial reporting and developing an implementation timetable.

### **1.14 FINANCIAL INSTRUMENTS**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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In conjunction with its accounting policies, the Company classified its financial instruments into the related categories. Cash and cash equivalents, restricted cash and deposits are classified as held-for-trading; accounts receivable are classified as loans and receivables and accounts payable and amounts due to related parties are classified as other financial liabilities. The carrying value of cash and cash equivalents, restricted cash, accounts receivable, deposits, accounts payable and amounts due to related parties approximates their fair value because of the short-term nature of these instruments.

The Company is subject to currency risk as it conducts operations in jurisdictions other than Canada, primarily being exposed to changes in the Canadian dollar compared to the Australian and United States dollars. The Company has not hedged its exposure to currency fluctuations, but does manage its cash resources to complement the denomination of the expenditures required. This risk is minimal due to significantly reduced operations.

The Company is subject to interest rate risk as it invests excess cash not immediately required for operations, in short-term investments. This risk is minimal as the Company does not have significant amounts of excess cash to invest and its investments are in instruments with short-term maturities.

The Company is not subject to significant credit risk as its receivables are due from government agencies, so the risk is minimal.

The Company is subject to liquidity risk in that the Company may not be able to meet its financial obligations as they come due. The Company manages this risk through the management of its capital structure as outlined in note 1 to the Company's consolidated financial statements for the three months ended April 30, 2009.

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### **1.15 OTHER MD&A REQUIREMENTS**

#### **DISCLOSURES FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The information required on the Company's resource properties' capitalized acquisition costs and the related exploration costs expensed are readily available from the Company's consolidated financial statements for the three months ended April 30, 2009 and therefore are not required to be repeated here.

#### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The information on the Company's share capital including numbers of shares outstanding, details of any conversion features, number of shares issuable on conversion of stock options and warrants, etc. are detailed in the Company's consolidated financial statements for the three months ended April 30, 2009. The number of common shares outstanding as of the date of this report on June 3, 2009 is 65,233,308 shares.

Additional disclosures pertaining to Aldershot including material change reports, press releases and other information are available at [www.sedar.com](http://www.sedar.com).