

# **ALDERSHOT RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED OCTOBER 31, 2007**

### **Date**

This Management's Discussion and Analysis ("MD&A") of Aldershot Resources Ltd. ("Aldershot" or the "Company") has been prepared by management as of December 13, 2007 and should be read in conjunction with the unaudited consolidated financial statements for the nine month period ended October 31, 2007 and the audited financial statements for the year ended January 31, 2007 and related notes thereto, both of which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Description of Business**

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. The Company is engaged in the acquisition, exploration and development 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 Company currently is exploring properties in Canada (Quebec and British Columbia), Australia, Chile and Africa.

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 900, 555 Burrard Street, Vancouver, BC., V7X 1M8.

Additional information related to the Company is available for view on the Company's website at [www.aldershotresources.com](http://www.aldershotresources.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Performance Summary**

The following is a summary of significant events and transactions that occurred during the three month period ended October 31, 2007:

1. Continued its exploration work in Australia, on its properties in Western Australia and in the Northern Territory. This work included drilling at the George Project, mapping and reconnaissance at the Mt Fitch, Waterhouse West and George Projects in the Northern Territory and drilling at Yuinmery in Western Australia. A reconnaissance trip was also undertaken to the Ngalia Project in central Australia to determine the logistical requirements.
2. Continued exploration programs on its Fort Coulonge claims in Quebec. This work involved mapping, radiometric surveys and channel sampling. Reconnaissance trips to its projects on the North Shore, namely Saguenay and Latour/Forestville, continued. Access issues prevented any work being undertaken at the Sept Iles claim blocks.
3. Exploration programs were completed on the Company's East Atlin, Grand Forks and Kelowna-Beaverdell claim groups in British Columbia.
4. Field programs continued on the Lake Kariba property in Zambia, Africa until September. With continuing rescheduling of the planned airborne survey by the contractor the survey was postponed until after the wet season (March/April 2008) to ensure good data is obtained. A compilation/status report was also completed.
5. The Company finalized an agreement in the Fort Coulonge area to cover the southern extension of the anomalism which is the focus of our exploration in this area.

Please see *Results of Q3 Operations* for further details on these exploration programs.

## 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 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.

## Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the last three fiscal years.

	Year ended January 31, 2007	Year ended January 31, 2006	Year ended January 31, 2005
Exploration expenses	\$ 1,016,235	\$ 619,892	\$ 659,736
Net (loss)	(2,403,471)	(2,109,151)	(1,308,701)
Basic and diluted (loss) per share	\$(0.07)	\$(0.08)	\$(0.09)
Resource properties acquisition costs	1,040,075	471,300	135,632
Total assets	1,455,605	932,918	369,322
Shareholders' equity	1,205,142	822,051	255,809

## Results of Q3 2008 Operations

During the three month period ended October 31, 2007, the Company incurred a net loss of \$1,372,354 (2006 - \$567,088). The increased net loss is a result of increases in exploration costs, foreign exchange losses, stock-based compensation expense and travel, offset by decreases in accounting and secretarial costs.

Exploration costs increased by \$673,046 from the prior year's third quarter of in all areas that the Company operates in—namely, Western Australia, Northern Territory, Quebec, British Columbia and Zambia. The Company previously raised \$5,000,000 gross funds in a brokered private placement which closed in April, 2007 and these funds were earmarked primarily to extend exploration programs to reclassify upwards the Company's resources as outlined below.

In the Northern Territory of Australia, the Company completed drilling at the Adelaide River and George Creek Prospects. Four diamond holes were drilled, two at its Adelaide River Prospect and two at its George Creek Prospect, for a total of 552 metres. The initial hole at Adelaide River intersected anomalous base metals in altered sandstone-greywacke between 186-200 m with minor uranium (70 ppm U<sub>3</sub>O<sub>8</sub>) from 192-193m and the subsequent hole intersected 0.72% U<sub>3</sub>O<sub>8</sub> over 4 meters

(90.7-94.7m). The first hole at the George Creek Prospect (GCKDDH008) was abandoned after it passed through timbers associated with the old workings. Assays from 40-50 cm either side returned between 413 and 961 ppm  $U_3O_8$ . The hole was still in mineralization when it was abandoned. A second zone of mineralization assayed 455 ppm  $U_3O_8$  over 80 cms. The second hole, GCKDDH009, intersected 0.49%  $U_3O_8$  over 20 cms with elevated cobalt, copper, nickel and lead values.

Mapping on the George License has also identified new anomalous zones at the Adelaide River, George Creek, West Possum and Bower Bird Prospects. The data is currently being compiled as the assay results become available but the most significant result at present is grab sample from ~150msoutheast of the Adelaide River prospect which returned 4.02%  $U_3O_8$ .

At the Company's Yuinmery Prospect in Western Australia, drilling commenced on July 18, 2007. The Yuinmery Prospect has a historical resource of 1,288,000 lbs of contained uranium but needs to be re-drilled to establish a National Instrument 43-101 compliant resource. The final phase of drilling was completed at the end of October. The samples have been submitted for assay and the results are expected in early December.

In Quebec, the Company has worked throughout the summer with four field teams in the Fort Coulonge area and one team working on the North Shore claims groups (Saguenay, Latour/Forestville). The result of this endeavour has been the discovery of three significant uranium anomalies. Sampling has been completed and we are awaiting the assay results.

At the Lake Kariba Project in Zambia the airborne survey initially scheduled for ~ June was postponed following continuing delays by the contractor. It has been tentatively rescheduled until March/April 2008 but is dependant upon the end of the rains in Zambia as radiometric readings are suppressed by moisture in the soil.

In British Columbia field work has been completed at the Grand Forks and Kelowna-Beaverdell Projects. Reports are currently being prepared and assay results are due December 2007.

Management reports that all of these programs are on target with their budgeted expenditures.

Foreign exchange losses of \$59,488 were incurred in the quarter as a result of the strengthening Canadian dollar compared to the Australian dollar. Since the beginning of the year, the Canadian dollar has gained approximately 5% over the Australian dollar. Stock-based compensation expense increased by \$63,977 compared to the third quarter of the previous year due to the granting and related vesting of stock options to the Company's investor relations firm, CHF Investor Relations. Travel has increased by \$30,865 in the third quarter compared to the prior comparative quarter due to the increased activity of the Company in all areas that it operates in. Accounting and secretarial costs declined in the current quarter due to less internal resources being used in an administrative capacity as more emphasis is expended on exploration programs.

The Company recently entered into several resource property agreements to acquire interests in various areas which have the potential to host significant uranium resources. These agreements require both cash expenditures and the issue of common shares to earn the related interest. During the nine months ended October 31, 2007, the Company spent \$655,507 in cash payments and issued 5,435,000 common shares valued at \$1,614,550 on resource properties' acquisition costs. In addition, the Company spent \$181,961 on equipment during the nine months ended October 31, 2007.

As at October 31, 2007, the Company has cash of \$65,652 and short-term investments of \$804,530 for a total of \$870,182 along with accounts receivable of \$36,591 primarily related to GST refunds. Management believes that these funds are adequate to meet its exploration and administrative obligations for this fiscal year. After this, the Company will require further funding to fulfil its resource properties' acquisition obligations, its administrative requirements and to explore further its resource properties to render them NI 43-101 compliant.

## Summary of Quarterly Results

### Three Month Period Ended

	October 31, 2007	July 31, 2007	April 30, 2007	January 31, 2007
Total assets	\$ 4,507,989	\$ 4,648,149	\$ 6,154,759	\$ 1,455,605
Resource properties	3,310,132	2,155,082	1,672,825	1,040,075
Working capital	681,569	2,096,993	4,164,137	153,153
Interest revenue	30,865	26,128	4,070	1,031
Exploration costs	981,428	1,180,873	251,682	517,619
Net Loss	1,372,354	2,150,783	602,679*	860,887

\*restated to reduce reported loss by \$243,875 to reflect correct vesting of stock-based compensation

### Three Month Period Ended

	October 31, 2006	July 31, 2006	April 30, 2006	January 31, 2006
Total assets	\$ 1,442,569	\$ 1,708,585	\$ 1,925,581	\$ 932,918
Resource properties	997,750	499,051	484,051	471,300
Working capital	393,624	1,161,457	1,368,014	341,492
Interest revenue	14,180	437	4,200	2,987
Exploration costs	308,382	106,144	84,090	233,164
Net Loss	567,088	657,781	317,715	555,300

## Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of warrants and stock options. The Company continues to seek capital through various means including the issuance of capital stock.

The Company is in the exploration stage. These 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 assets and discharge liabilities in the normal course of business. The ability of the Company to continue as a going concern 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 these matters cannot be predicted at this time. These 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.

Net cash used for operating activities during the current quarter was \$1,272,121 compared to net cash used for operating activities of \$575,193 during the previous comparative period. Cash used during the current period consists primarily of the operating loss and a change in non-cash working capital and has increased primarily due to the increased exploration expenditures.

There was no cash obtained or used on financing activities during the current period or the previous comparative period.

Investing activities provided net cash of \$843,759 during the current period, compared to cash provided of \$467,879 in the previous comparative period. In the current period, cash was obtained from the Company's short-term investments as was the case in the previous comparative quarter as well.

Aldershot has cash, short-term investments and accounts receivable totalling \$906,773 as at October 31, 2007 which management expects to last the Company until the end of the fiscal year when further financing will be required to fund its exploration programs and continue its operations. Management expects to meet these cash requirements through additional private placements.

## Capital Resources

During the first quarter of 2007, the Company completed a brokered private placement of 18,518,519 units ("unit") at \$0.27 per unit for gross proceeds of \$5,000,000. There was no additional financing in the second or third quarters.

The Company has contractual commitments for office rental lease contracts for premises in Australia of approximately \$56,000 per year for a total of six years. Aldershot's contractual commitments for resource properties are detailed by property in the Company's interim consolidated financial statements.

As noted above, the Company has sufficient funds to meet its property maintenance payments for fiscal 2008 and cover anticipated administrative expenses throughout the year. Further financing will then be required and management expects to raise additional funds through private placements.

## Off-Balance Sheet Arrangements

Aldershot does not utilize off-balance sheet arrangements.

## Related Party Transactions

- (a) Related party transactions with directors and officers (or companies controlled by them) during the nine months ended October 31, 2007 and 2006 are as follows:

	2007	2006
Management fees	\$ 90,000	\$ 90,000
Consulting fees	12,702	22,000
Geological consulting (exploration expenses)	21,320	20,937
Preferred share dividends	-	8,240

- (b) The balances due from related parties represent balances due from directors and officers or companies controlled by them. The amounts are non-interest bearing and have no specific terms of repayment.

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.

## Segmented Information

All of the Company's operations are in the mineral resource exploration industry with its principal business activity in the acquisition and development of mineral resource properties. The Company has mineral resource properties located in Chile, Australia, and Canada (in British Columbia and Quebec). The location of the Company's equipment and resource properties by geographic area are as follows as of October 31, 2007:

	Canada	Australia	Chile	Africa	Total
Resource Properties	\$ 3,080,132	\$ -	\$ 230,000	\$ -	\$ 3,310,132
Equipment	60,413	117,375	-	-	177,788

## **Fourth Quarter**

See the Summary of Quarterly Results for information on the Company's fourth quarter.

## **Proposed Transactions**

None.

## **Critical Accounting Estimates**

Not applicable as the Company is a venture issuer.

## **Changes in Accounting Policies including Initial Adoption**

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

Effective February 1, 2007, in accordance with Canadian generally accepted accounting principles, the Company has adopted the recommendations of the new accounting pronouncements concerning financial instruments and other comprehensive income which prescribe when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how gains and losses on financial instruments are to be presented. Comprehensive income includes a new requirement to present, amongst other things, certain unrealized gains and losses outside of net income or loss as a separate component of shareholders' equity.

Financial instruments are classified into various categories. Held to maturity investments, loans and receivables are initially measured at fair value and thereafter, are measured at amortized cost, with the amortization of premium or discounts, losses and impairment included in current period interest income or expense. Held for trading financial assets and liabilities are measured at fair market value with all gains and losses included in income in the period in which they arise. Available for sale financial assets are measured at fair market value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet, and losses due to impairment are included in income. All other financial liabilities are to be carried at amortized cost.

Comprehensive income is defined as a change in the net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are classified as available for sale will have gains and losses included in other comprehensive income until the asset is removed from the balance sheet.

At present, the Company's financial instruments comprise cash, short-term investments, accounts receivable, property deposits, amounts due from related parties and accounts payable. These financial instruments are classified as held for trading and the carrying value of these instruments approximate their fair value because of the short-term nature of these instruments. There is no financial impact on the consolidated financial statements due to the adoption of the new accounting recommendations concerning financial instruments and other comprehensive income.

## **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 judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, short-term investments, accounts receivable, property deposits, amounts due from related parties and accounts payable approximate their fair value because of the short-term nature of these instruments.

The Company operates in several different countries and is subject to the risk of foreign currency fluctuations. The Company incurred a foreign exchange loss of \$59,488 in the current quarter (\$96,797 for the nine months ended October 31, 2007) due to the rising Canadian dollar compared to other currencies that the Company deals with, including the Australian and United States dollars.

## **Other MD&A Requirements**

### **Disclosures for Venture Issuers without Significant Revenue**

All of the required disclosures on the details of the Company's resource properties and related expenditures on a property-by-property basis are provided in the Company's consolidated financial statements.

## **Outstanding Share Data**

The following table summarizes the outstanding share capital as at December 13, 2007:

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Common shares	64,883,308
Stock options and agent's options	8,090,955
Warrants	25,435,774

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## **Disclosure Controls and Internal Controls over Financial Reporting**

Management has established and maintained disclosure controls and procedures for the Company in order to provide reasonable assurance that material information relating to the Company is made known to it in a timely manner, particularly during the period in which the annual filings are being prepared. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at the date of this report, and believes them to be effective in providing such reasonable assurance.

Management is also responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles ("GAAP"). Management has evaluated the design of the Company's internal controls and procedures over financial reporting as of the end of the period covered by the annual filings, January 31, 2007, and believed the design to be sufficient to provide such reasonable assurance.

In addition, because of the size of the Company and the small number of staff, the Company must rely upon various advisers and consultants to assist with the various regulatory disclosure requirements, and as such these advisers and consultants form part of the disclosure controls and procedures.

During the year, the Company hired a consultant who is a Chartered Accountant to assist with all financial aspects of the Company, including the design of internal controls. Management believes that this change in personnel is necessary due to the Company's increased activity and will result in improved internal controls over financial reporting.