

ALDERSHOT RESOURCES LTD.

FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS SIX MONTH PERIOD ENDED JULY 31, 2006

The following discussion and analysis of Aldershot Resources Ltd. (the “*Issuer*” or the “*Company*”), is prepared as of September 26, 2006 should be read together with the unaudited financial statements for the six month period ended July 31, 2006 and related notes attached thereto 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 was incorporated on September 8, 1987 under the name “*Quattro Resources Ltd.*” pursuant to the *Company Act* (British Columbia) by the registration of its Memorandum and Articles. Effective October 31, 2001, its name was changed to “*Aldershot Resources Ltd.*”

The Company’s financial statements were previously consolidated with those of its accounting parent Can-Dore Diamond Mining Corporation (“Can-Dore”) On July 11, 2005, Can-Dore was dissolved and these financial statements include only the accounts of the Company.

The address of the registered and records office and the address for service of the Issuer is 10th 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.

The Issuer’s principal business is the exploration and development of resource properties. The Issuer is continually investigating new exploration opportunities. Mineral exploration is carried out on properties identified by management of the Issuer as having favourable exploration potential.

Additional information related to the Company is available for view on the Company’s website at www.aldershotresources.com and on SEDAR at www.sedar.com.

Description of Business

The Issuer is engaged in the exploration and development of resource properties, principally uranium, located in Australia, Zambia and Canada and copper resource properties in Chile. The Issuer was granted the 100 km² Turee Creek Uranium Project in the Pilbara Region of Australia, and 100 square kilometres exploration licence, the Yuinmery Uranium Project, located in the East Murchison mineral field of Australia. In addition the Company has been granted six Exploration Licences in the Northern Territory and have three applications pending plus two uranium prospecting licences in Zambia. Other properties include an iron oxide hosted copper gold (IOCG) type of target found in the Copiapo Copper Belt area of Chile's Region III. All of the Issuer’s properties are in the exploration stage. The Company also has interests in six groups of uranium claims located in the province of Quebec and five groups of uranium claims in the province of British Columbia.

Management believes that the Company possesses excellent prospects for becoming a profitable enterprise, with the resultant return to the Company's shareholders. The Chilean property is subject to an Option Agreement. The Company trades on the TSX Venture Exchange under the symbol ALZ.

Performance Summary

The following is a summary of significant events and transactions that occurred during the six month period ended July 31, 2006:

1. Received the final products of the airborne survey undertaken for the Company by Aeroquest Limited in September and October 2005 over its Quebec projects. The geophysical data generated by Aeroquest Limited is being analysed by Jeremy S. Brett, MSc, PGeo, an independent consulting geologist.
2. On February 28, 2006, the Company declared a dividend on the preferred shares. In settlement of \$226,287 in dividends, the Company issued 905,147 common shares.
3. Participated in the 2006 PDAC conference in Toronto, Ontario, Canada from March 5th to 9th, 2006.
4. Entered into an option agreement on February 28, 2006 pursuant to which the Company has been granted the right to acquire a 100% interest in a group of 14 mineral claims in the Sandy Creek Area and a group of 9 mineral claims in the Rive Uranium Prospect, all located within its Quebec project claim block in the Province of Quebec.
5. RM Resource Management conducted a spectral analysis of ASTER satellite images covering the Company's properties in British Columbia.
6. A detailed exploration program on the Company's Turee Creek Uranium Project in the Pilbara Region of Western Australia is awaiting heritage clearance to allow exploration to commence.
7. An exploration program planned on the Company's Yuinmery Uranium Project located 480 kilometers northeast of Perth, Australia is awaiting clearance to allow ground exploration to commence.
8. Completed a 5,060,000 unit non-brokered private placement at \$0.30 per unit for gross proceeds of \$1,518,000. Each unit consists of one common share and one purchase warrant exercisable at \$0.35 until March 14, 2008. The Company will pay finder's fees of 76,300 units, with terms that are the same as that for the private placement units, to Epsom Investments Securities NV of Switzerland and \$6,930 in cash to Robert Rosenblat of Vancouver, BC.
9. Held its Annual General Meeting on June 23, 2006. All proposed resolutions were passed.
10. Appointed Mr. Scott Mundell as Vice President of Corporate Development of the Company on an initial 6 months' management contract with a subsequent option for renewal at a one year tenure.
11. On July 31, 2006 the Company entered into an option agreement pursuant to which the Company has been granted the right to acquire a 100% interest in a group of 50 mineral claims in the Saguenay River Area located in the Province of Quebec.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

	Three Month Period Ended July 31, 2006	Three Month Period Ended July 31, 2005	Six Month Period Ended July 31, 2006	Six Month Period Ended July 31, 2005
Total interest revenue	\$ 437	\$ 150	\$ 4,637	\$ 150
Net loss before extraordinary items	(657,781)	(340,795)	(975,496)	(933,032)
Net loss	(657,781)	(340,795)	(975,496)	(933,032)
Basic and diluted loss per share	(0.02)	(0.01)	(0.03)	(0.04)
Total assets	1,708,585	1,634,541	1,708,585	1,634,541
Total long-term liabilities	-	-	-	-
Cash dividends	-	-	-	-

The Company earns interest revenue from cash held in banks and interest earned on short-term investments. During the current period, the Company expensed \$190,234 in exploration costs compared with \$82,805 during the previous comparative period.

The Company has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance the growth of its business. However, during the current period, the Company declared a dividend on the preferred shares. In settlement of \$226,287 in dividends, the Company issued 905,147 common shares on March 21, 2006.

Results of Operations

During the six month period ended July 31, 2006, the Company incurred a net loss of \$975,496 (2005 - \$933,032). Some significant expenses are as follows:

Exploration expenses \$190,234 (2005 - \$82,805)
Property investigation costs \$62,165 (2005 - \$9,894)
Investor relations expenses of \$81,301 (2005 - \$69,066)
Professional fees of \$82,287 (2005 - \$59,687)
Stock-based compensation \$241,625 (2005 - \$309,382)

Expenses in most categories have increased as the Company has become more active in pursuing mineral properties in various parts of the world. Exploration costs have increased from \$82,805 during the previous comparative period to \$190,234 during the current period. These costs were incurred to further develop its existing properties in Canada and Australia. Property investigation costs have also increased from \$55,891 during the previous comparative period to \$62,165 in the current period because the Company is reviewing various other mineral prospects. These costs are not directly related to any specific property but are expenditures incurred for investigating properties that could lead to the Company signing new mineral property option agreements. Costs were incurred in Africa, Jordan, and Australia.

As the Company is becoming more active on various projects on the exploration side, it has also incurred significant expenditures on the administration side. One of the key areas is an increase in investor relation expenses from \$69,066 incurred in the previous comparative period to \$81,301 incurred in the current period. The Company is trying to increase shareholder awareness of its various projects and future plans. As a result the Company has incurred various types of expenditures relating to advertising, preparation of promotional packages, dissemination of news releases and the maintenance of a Company website.

The Company maintains an office on Perth, Australia which also generates expenses. As a result, the Company has administration and secretarial expenses of \$69,557, whereas, these costs were \$30,938 during the previous comparative period.

Professional fees have increased from \$59,687 in the previous year to \$82,287 in the current period. The Company incurred more legal and accounting costs because of the increase in activity. An increase in exploration activities requires more work on the daily administration function of a public company.

The Company incurred stock-based compensation expense of \$241,625 during the current period and \$309,382 during the previous comparative period. This is a non-cash expense that is recognized on any stock options granted using the Black-Scholes option pricing model to calculate the expense.

Summary of Quarterly Results

Three Month Period Ended

	July 31, 2006	April 30, 2006	January 31, 2006	October 31, 2005
Total assets	\$ 1,708,585	\$ 1,925,581	\$ 932,918	\$ 1,356,879
Resource properties	499,051	484,051	471,300	536,566
Working capital	1,161,457	1,368,014	341,492	776,583
Interest revenue	437	4,200	2,987	2,501
Net Loss	657,781	317,715	555,300	606,446

Three Month Period Ended

	July 31, 2005	April 30, 2005	January 31, 2005	October 31, 2004
Total assets	\$ 1,634,541	\$ 1,505,956	\$ 369,322	\$ 448,227
Resource properties	388,616	56,615	135,632	135,632
Working capital	1,208,437	1,355,087	116,187	240,756
Interest revenue	150	-	-	712
Net Loss	340,795	606,610	306,374	260,301

Significant changes in key financial data between 2006 and 2004 can be attributed to the Company's acquisition of various mineral claims in Chile, Australia and Canada and the completion of a private placement in the first quarter of the current fiscal year resulting in an increase in total assets. The net loss has increased as the Company wrote-off various mineral claims in Australia and Chile during the 2006 fiscal year. The Company is also recognizing stock-based compensation, using the Black-Scholes option pricing model, on all stock options granted to consultants, employees, directors and officers.

Liquidity

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

The financial statements have been prepared 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	July 31, 2006	January 31, 2006
Working capital	\$ 1,161,457	\$ 341,492
Deficit	(7,510,754)	(6,308,971)

Net cash used for operating activities for the current period was \$781,890 compared to net cash used for operating activities of \$575,048 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.

Financing activities provided net cash of \$1,546,570 during the current period, compared to \$517,252 for the previous comparative period. Cash provided during the period consisted primarily of proceeds from the issuance of common stock.

Investing activities used net cash of \$507,677 during the current period, compared to \$246,736 in net cash provided during the previous comparative period. In the current period, cash was used primarily for the acquisition of a short term investments, and the acquisition of mineral claims in Canada.

Capital Resources

The Company completed a 5,060,000 unit non-brokered private placement at \$0.30 per unit for gross proceeds of \$1,518,000. Each unit consists of one common share and one purchase warrant exercisable at \$0.35 until March 14, 2008. The Company will pay finder's fees of 76,300 units, valued at \$22,890, with terms that are the same as that for the private placement units, to Epsom Investments Securities NV of Switzerland and \$6,930 in cash to Robert Rosenblat of Vancouver, BC. The proceeds will be used for exploration work on the Company's uranium projects in Quebec, British Columbia and general working capital. As at July 31, 2006, \$3,000 of the proceeds had not been received. This is shown as share subscriptions receivable.

The Company also had additional sources of capital from the exercise of 197,000 share purchase warrants which raised \$80,770 in proceeds.

The Company has sufficient funds to meet its property maintenance payments for fiscal 2006 and cover anticipated administrative expenses throughout the year. It will continue to focus exploration and development efforts in Australia, Canada and Africa.

Related Party Transactions

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$60,000 (2005 - \$40,000) to a director of the Company.
- b) Paid or accrued consulting fees of \$Nil (2005 - \$5,251) to a company controlled by a director of the Company.
- c) Paid or accrued consulting fees of \$10,000 (2005 - \$Nil) to an officer of the Company.
- d) Paid or accrued legal fees of \$Nil (part of professional fees) (2005 - \$9,735) to legal firms of which an officer and a director of the Company are partners.
- e) Paid or accrued geological consulting fees (part of exploration costs) of \$12,792 (2005 - \$15,538) to a company controlled by a director of the Company.
- f) Undeclared dividends on preferred shares of \$5,353 (2005 - \$115,821) are due to a director
- g) Paid or accrued administration fees of \$14,380 (2005 - \$Nil) to a director of the Company.

The following amounts due to related parties are non-interest bearing and have no specific terms of repayment:

	July 31, 2006	January 31, 2006
Thundelarra Explorations Ltd.	\$ 678	\$ 23,492
Directors	<u>3,000</u>	<u>14,237</u>
	<u>\$ 3,678</u>	<u>\$ 37,729</u>

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.

Financial Instruments

The Company's financial instruments consist of cash, short-term investments, accounts receivable, prepaid expense, accounts payable and accrued liabilities and due to related parties. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Outstanding Share Data

Common Shares

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
500,000,000 common shares without par value			
Issued			
Balance as at January 31, 2006	27,786,988	\$ 5,924,550	\$ 708,261
Private placement	5,060,000	1,518,000	412
Finder's fees	76,300	22,890	-
Exercise of share purchase warrants	197,000	80,770	-
Shares returned to treasury (Note 4)	(125,000)	(28,750)	-
Dividends to preferred share holders	905,147	226,287	-
Shares issued pursuant to property agreement (Note 4)	150,000	31,500	-
Stock based compensation (Note 6)	-	-	15,020
Share issue costs	-	(38,451)	-
Balance as at July 31, 2006	34,050,435	\$ 7,736,796	\$ 723,693

Preferred shares

The Company has authorized Series "A" Cumulative, Redeemable, Convertible Preferred share capital of 10,000,000 shares of \$1.00 par value each. As of July 31, 2006 the Company had 498,211 (January 31, 2006 – 498,211) preferred shares issued and outstanding. These shares carry a 10% dividend, are convertible to common shares at the ratio of one preferred share for four common shares at the option of the Company and not at the option of the holders. They are not convertible for the first 12 months and thereafter 25% may be converted every 12 months. The Company can, at any time, redeem all, but not less than all, of the preferred shares at a price of \$1.00 per share subject to all necessary regulatory approvals. The Company will also issue common shares in payment of all outstanding dividends, declared and undeclared with respect to any preferred shares converted. Any outstanding preferred shares not converted into common shares or redeemed by October 21, 2006, being 48 months from the date of issuance on the preferred shares, will be automatically converted into common shares at a deemed price of \$0.25 per share.

On February 28, 2006, the Company declared a dividend on the preferred shares. In settlement of the dividend, on March 21, 2006, the Company issued 905,147 common shares which reduced the declared dividends of \$226,287, including amounts related to preferred shares that were converted during the 2006 fiscal year of \$58,943 as at January 31, 2006 to \$nil.

At July 31, 2006, cumulative undeclared dividends of \$20,747 (2005- \$184,895) were due to the holders of these shares.

Stock options

A summary of the stock options outstanding at July 31, 2006:

Number Outstanding January 31, 2006	Granted	Exercised	Cancelled	Expired	Number Outstanding July 31, 2006	Exercise Price Per Share	Expiry Date
1,000,000		-	-	-	1,000,000	\$ 0.25	April 1, 2009
350,000	-	-	-	-	350,000	\$ 0.25	November 9, 2009
925,000	-	-	-	-	925,000	\$ 0.28	April 21, 2010
325,000	-	-	-	-	325,000	\$ 0.24	August 4, 2010
-	60,000	-	-	-	60,000	\$ 0.25	March 1, 2011
-	750,000	-	-	-	750,000	\$ 0.25	May 23, 2011
2,600,000	810,000	-	-	-	3,410,000		

Warrants

A summary of the share purchase warrants outstanding at July 31, 2006:

Number Outstanding January 31, 2006	Granted	Exercised	Cancelled	Expired	Number Outstanding July 31, 2006	Exercise Price Per Share	Expiry Date
400,000	-	-	-	400,000	-	\$ 0.21	February 20, 2006
1,000,000	-	-	-	-	1,000,000	\$ 0.30	February 25, 2007
1,961,353	-	197,000	-	-	1,764,353	\$ 0.41	April 18, 2007
-	5,060,000	-	-	-	5,060,000	\$ 0.35	March 14, 2008
	76,300	-	-	-	76,300	\$ 0.35	May 9, 2008
3,361,353	5,136,300	197,000	-	400,000	7,900,653		

Subsequent Events

The Company entered into the following transactions subsequent to July 31, 2006:

- On August 2, 2006, issued 285,000 common shares pursuant to Quebec Uranium Claims.
- On August 3, 2006, the Company entered into a purchase and sale agreement pursuant to which the Company will acquire a 100% interest in a group of 6 mineral claims in the Huddersfield Township located in the Province of Quebec. The Company paid \$17,500 in cash and will issue 100,000 common shares to the vendor.
- On August 16, 2006, the Company announced the appointment of Mr. Frank DeMarte to the board of directors. Mr. DeMarte is currently the Corporate Secretary and Chief Financial Officer the Company.
- On August 22, 2006, received regulatory approval on the Saguenay River mineral property option agreement.
- On August 30, 2006, granted 50,000 stock options at \$0.25 to a consultant, expiring August 30, 2009.