

ALDRIDGE MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Form 51-102F1

For the three and nine month period ended August 31, 2008

Dated October 27, 2008

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of Aldridge Minerals Inc. ("Aldridge," the "Company") should be read in conjunction with the unaudited financial statements of Aldridge Minerals Inc. and the notes thereto for the three and nine month period ended August 31, 2008. In this MD&A, unless the context otherwise dictates, a reference to the Company refers to Aldridge. Unless stated otherwise, all financial amounts are expressed in Canadian dollars. The effective date of this MD&A is October 27, 2008.

Additional information about Aldridge Minerals Inc. is available on the Company's website at www.aldridgeminerals.com and SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

1. Overview

Aldridge was incorporated in the Canadian Province of British Columbia on June 6, 1994 and is in the business of the identification, acquisition, exploration and, if warranted, development of mineral properties. The Company's exploration efforts are currently focused on the exploration and development of properties located in Turkey. Primarily to hold licenses, but also to operate in Turkey, Aldridge incorporated a 100 % owned subsidiary (Aldridge Mineral Madencilik Ltd. Şti.) in Ankara, Turkey in late June 2005.

The general business strategy of the Company is to acquire mineral properties either directly or through the acquisition of operating entities. The continued operations of the Company and the recoverability of mineral property costs and any related deferred costs is dependent upon the existence of economically recoverable mineral reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production from the properties or proceeds from the disposition thereof. The Company has incurred recurring operating losses and requires additional funds to meet its obligations and maintain its operations. Management's plans in this regard are to raise equity financing as required.

The Company has not generated any operating revenues to date. Interest earned on excess cash is incidental income.

Yenipazar Au-Ag-Cu-Zn-Pb property

During 2004, Aldridge's search for an advanced property ended in December with the signing of an agreement with Anatolia Minerals Development Ltd. ("Anatolia") on its Yenipazar property in central Turkey. Under the agreement Aldridge may earn a 65% interest in the property by spending US\$6,000,000 within six years, of which US\$230,000 was required to be spent within the first year. The Company is obligated to make further payments directly to Anatolia totalling US\$950,000 within the same six year period, of which US\$25,000 was to be paid on closing and US\$25,000 on the sixth, twelfth and twenty fourth month anniversary of the closing. The following seven payments increase to US\$50,000 every six months with a final payment of US\$500,000 payable in six years. On July 21, 2006, Aldridge signed a strategic alliance and option agreement ("Agreement") with Anatolia and its Turkish subsidiary for exploration and development of the Yenipazar Au-Ag-Cu-Pb-Zn VMS deposit. The Agreement amends and restates the previous agreement with Anatolia on the Yenipazar property. Under the terms of the Agreement, and supplementary to earn-in conditions spelled out in the previous agreement, Aldridge has the opportunity to earn 100% title to the Yenipazar property by issuing payment comprised of 250,000 common shares (issued). Further, Aldridge shall pay Anatolia a 6 % net proceeds interest (NPI: revenue less operational cost) until revenues from the Yenipazar operation reach the amount of US\$165,000,000. If revenues exceed the amount of US\$165,000,000, the NPI increases to 10 % on the amount in excess of US\$165,000,000.

Aldridge has commenced an ambitious exploration and development program at Yenipazar for 2008. From 2005 to present, the Company has drilled 321 resource definition holes via 43,854 metres of RC drilling. A further 2,293 metres was completed in 11 diamond drill holes – of which 9 holes was cored by Anatolia Minerals in the late 1990's. The deposit, which is volcanogenic massive sulphide (VMS) in nature, has a current strike length of 1700 metres averaging 150 metres wide and about 25 metres in thickness at depths between 30 and 190 metres. Approximately 80% of the resource has been drill tested via a grid of 40 x 40 metres, with the remaining 20% on an 80 x 40 metre grid. An updated NI 43-101 compliant resource statement is being prepared.

At present the indicated and inferred resource at Yenipazar is as follows (see news release dated September 15, 2008):

Category ⁽¹⁾	Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %
Indicated	25,040,000	1.09	32.8	0.32	1.12	1.47
Inferred⁽²⁾	3,141,000	0.78	22.3	0.29	0.68	0.88

- (1) Mineral resources, which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- (2) The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measure mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

This independent resource estimate has been prepared by P&E Mining Consultants Inc. of Brampton, Ontario in accordance with CIM standards on resources and reserves definitions and guidelines.

Research and Development of new technology for detection of elements at low ppm-levels in the field

Testing of a new research and development technology on the Yenipazar drill program commenced in July 2006, yielding positive results and demonstrating its principal applicability after certain improvements are made. In early March 2007, Aldridge entered into an agreement with a German-based development firm, owned by the two physicists who are developing a portable prototype, along with related software, for use within a variety of sectors where an immediate and accurate result to ppm-levels for chemical elements present in any kind of material is needed (exploration, mining, environmental, chemical and physical industries). A critical parameter of this tool is the emission of neutrons, and its operation will require approval from radiation authorities. Similar mobile neutron sources are in world-wide use (e.g., oil-well logging), but the portable unit developed for Aldridge represents a new class of such instruments.

Both the German company and Aldridge will jointly fund the development of this technology, with initial expected costs to be borne by Aldridge estimated at \$120,000. Once radiation authority approvals are received, additional costs to be incurred by Aldridge include: set-up of a small production facility, estimated at \$588,000; initial monthly operational employment costs of approximately \$29,400; and, material cost of production of approximately \$441,000. Upon making a production decision, the Company will grant 200,000 stock options to the German company. After sale of a certain number of units of the technology that company is entitled to an additional 50,000 common shares of the Company. Further, the German firm will be entitled to 2.5% to 5% of pre-tax profits.

The Company had planned to spin-off the research and development technology into a new publicly listed entity (“Newco”) during the early part of 2008; however, the spin-off has been delayed to allow for further work on the software. Additionally, the device requires various operational approvals due to the short radiation pulse emitted during measurement. Once testing has been completed and approvals are obtained, the Company may proceed with the spin-off.

Derinkoy Au-Ag property

The Derinkoy property was farmed out to Northfield Metals Inc. (“Northfield”) on July 1, 2006. Northfield, a junior explorer, was in the process of listing on the TSX Venture Exchange and Derinkoy represented Northfield’s key asset for that purpose. Northfield transferred \$100,000 in September 2006 to Aldridge in order to carry out a gallery on the gold-silver bearing breccia zone drilled in 2004 by Aldridge. This amount, to be spent on property work, was a requirement of the TSX-V to accept Derinkoy as a NI-43-101-compliant property, and for Northfield to become listed on the TSX-V. Aldridge drove 18 m of gallery into the breccia zone, engaged two 43-101 consultants and delivered all results to the consultants in January 2007. The resulting report was forwarded to Northfield and submitted to the TSX-V.

On September 20, 2007, the Company received notification from Northfield of its decision to terminate the Derinkoy option agreement, effective October 25, 2007. The Company is currently reviewing the project and pursuing possible alternative farm-out arrangements.

Olucak Au-Ag property

The Company has initiated the required legal procedures to drop the Olucak property, comprised of five mineral licenses. This termination of licences is expected to be completed during Fiscal 2008; however, as of December 2007, the Company has written-off its prior expenditures incurred on the property of \$576,407.

Nickel properties

Nickel laterite projects are becoming increasingly important as they tend to be large and easily mineable. Modern technology may allow for the production of nickel concentrates via leaching at low cost. Unprocessed nickel laterite is also in demand by a ferro-nickel plant on the coast of Eastern Greece, a potential buyer of nickel laterite ore from Western Turkey.

Aldridge has acquired a significant portfolio of nickel-laterite licenses. The Company has developed a strategy to systematically explore and develop the potential of its nickel-laterite properties.

To date, Gurlek I has yielded grades of up to 8% Ni from rock grab samples, while reverse circulation drilling at the Murat Dag nickel laterite project on a wide grid of 200 to 400 metres has returned grades of 1.05%, 1.45% and 0.99% Ni in holes, D1, D2 and C2, respectively. .

Uranium Properties

In December 2007, Aldridge acquired, via state auction, 85 mineral licences with potential for sandstone-hosted uranium, some of them containing demonstrated uranium mineralization. Past exploration activities of the Turkish national state agency MTA, starting in the fifties, intensified especially in the seventies and eighties have

demonstrated the presence of sandstone hosted uranium occurrences 60 kilometres northeast of Yenipazar near Temrezli. The results of an extensive drilling program documented in different reports are available.

The Company has received shareholder approval to spin-off the uranium properties to a new company, Aldridge Uranium Inc. (“AldUr”). Should the spin-off be completed, it is currently contemplated that one third of the AldUr shares will be retained by Aldridge, one third will be issued as a dividend to Aldridge shareholders and the final one third will be sold to related parties in consideration for the provision of start-up capital for AldUr. The dividend shares will be issued to shareholders as of a certain record date, to be determined or announced.

AldUr will remain a private entity during the start-up phase while work is conducted to confirm historical results and further exploration work is undertaken. This additional work, including a potential drill program to investigate the hydrologic and petrophysical characteristics of the uranium bearing sandstone units, may result in the establishment of a NI 43-101 compliant resource.

Investor Relations Firms Retained

On June 26, 2008, Aldridge announced that it had entered into an investor relations agreement, effective January 2008, with Com-Advice AG of Switzerland. Com-Advice will provide information to the investment community, with a particular focus on German investors, via its website, monthly newsletters and at tradeshows and/or investment conferences around the globe for a period of twelve months. As compensation for services provided, Aldridge has agreed to pay to Com-Advice Euro 85,000 (approximately CAD\$129,000) and has granted Com-Advice 44,000 incentive stock options priced at \$2.24 per share. The investor relations agreement has been accepted for filing by the TSX-V.

On July 23, 2007, the Company announced that it had retained The Equicom Group (“Equicom”) of Toronto, Ontario to provide strategic investor relations and financial communications services. Equicom, a leader in IR, provides similar services to over 100 publicly listed companies over a wide range of industries. Under the terms of the agreement, Equicom was retained for a period of 12 months at a fee of \$7,000 per month. Equicom is a wholly-owned subsidiary of the TSX Group Inc. On June 2, 2008, the Company provided Equicom with notice that the agreement was to be terminated effective August 30, 2008.

Appointment to the Board

On Feb 22, 2008, the Company announced the appointment of Mr. Charles Raymond to the Board of Directors. Mr. Raymond, MBA, was most recently the Chairman and CEO of Rainy River Resources Ltd. and has over 30 years of senior management and venture capital experience in various industries including mining and oil and gas exploration. He served as President and Director of St. Phillips Resources Inc. from 1988 to 1993 during which time St. Phillips partnered with Rio Algom Ltd. and El Condor Resources Inc. to develop the Kemess Mine in B.C., Canada. He currently serves as President and a director for CMR Capital Corp, a privately held company which provides executive and non-executive director services including management support and advice, development of strategic plans and policies, and assistance with financial and business negotiations.

Stock Option Grants

During Fiscal 2008, the Company has granted an aggregate 784,000 stock options priced between \$2.24 - \$2.40 per common share, exercisable for a period of five years, to directors, officers, consultants and employees. The options are granted pursuant to the terms of Aldridge’s Stock Option Plan and are subject to a four month hold period in accordance with the policies of the TSX-V.

Raising Capital

On June 4, 2008, the Company announced that it had terminated the April 2008 engagement letter with Evergreen Capital Partners Inc. to complete a brokered private placement of units at a price of \$3.10 per unit to raise gross proceeds of up to \$7,000,000.

The Company subsequently completed a non-brokered private placement in September 2008 with Advice Portfolio Management GmbH (“Advice”) of Germany,. A total of 445,100 units were issued to raise gross proceeds of \$1,224,025. The units, priced at \$2.75, are comprised of one common share and one share purchase warrant entitling the holder thereof to acquire one additional common share of the Company at a price of \$3.40 per a period of 24 months from closing. A finders’ fee, comprised of \$84,719 in cash and 26,406 warrants entitling the finder to purchase up to 26,406 common shares at a price of \$2.75 per share for a period of two years, was paid to Advice.

The Company has also negotiated a short-term loan of Euro 72,000 (CAD\$115,000) from a director, bearing interest at 10% per annum, as interim financing.

2. Results of Operations

For the Three Months Ended August 31, 2008

For the three months ended August 31, 2008 (“Q3 2008”), the Company incurred a net and comprehensive loss of \$851,517 or loss per share of \$0.04, as compared to a loss of \$758,741 or loss per share of \$0.04 for the three months ended August 31, 2007 (“Q3 2007”).

General and administrative expenses incurred during Q3 2008 include legal fees of \$40,719 (Q3 2007 - \$8,458) for general corporate matters and the 2008 Annual General Meeting of Shareholders. Audit and accounting costs, totaled \$61,600 (Q3 2007 - \$Nil). Transfer and filing fees of \$5,050 were incurred with respect to regulatory filing costs and on-going transfer agency costs. Similar fees incurred during Q3 2007 totaled \$23,763. During Q3 2008, a total \$44,287 was paid for salaries and benefits (Q3 2007 - \$14,465). Management fees totaled \$19,852. Directors’ fees of \$4,500 were paid or accrued in Q3 2008. Office and sundry expenditures of \$21,278 (Q3 2007 - \$2,416) were comprised of: office rent of \$12,004; bank charges of \$1,543; postage and courier costs of \$549; supplies of \$750; publications of \$96; telephone and communication expenses of \$5,150; and, general administrative costs of \$1,186. Project investigation costs of \$21,361 (Q3 2007 - \$Nil) were incurred with respect to the review of potential property acquisitions. A loss of \$61,233 (Q3 2007 - \$71,902) on foreign exchange was recorded during the third quarter of fiscal 2008.

During Q3 2008, the Company granted a total of 784,000 incentive stock options to officers, directors and consultants and recorded related stock-based compensation expenses of \$508,500 (Q3 2007 - \$559,600).

Travel and promotion costs of \$74,665 (Q3 2007 - \$11,521) were incurred by directors and consultants for various trips related to management issues, potential acquisitions and ongoing business concerns. An additional amount of \$3,690 (Q3 2007 - \$65,664) was recorded for shareholder information expenses which includes advertising and promotion costs and news release/website costs. Consulting fees of \$31,838 were recorded during Q3 2008, as compared to \$20,180 for the prior year.

As the Company is an exploration stage company and does not generate any cash flow, it has no income other than interest income. Interest income of \$(974) was recorded, as compared to \$7,864 in Q3 2007, was recorded during the period. Interest charges totaling \$1,733 were accrued with respect to the short-term loan received from a director.

The Company expended a total of \$32,212 (Q3 2007 - \$Nil) towards research and development costs related to its field element reader prototype.

During Q3 2008 the Company expended \$1,119 of administrative costs for the office in Ankara Turkey. In addition, the Company capitalized \$37,406 (Q3 2007 - \$17,536) of geological consulting fees to its Turkish mineral property interests.

For the Nine Months Ended August 31, 2008

For the nine months ended August 31, 2008 (“Fiscal 2008”), the Company incurred a net and comprehensive loss of \$2,269,833 or loss per share of \$0.11, as compared to a loss of \$1,613,000 or loss per share of \$0.09 for the period ended August 31, 2007 (“Fiscal 2007”).

General and administrative expenses incurred during Fiscal 2008 include legal fees of \$40,719 (Fiscal 2007 - \$39,895) for general corporate matters and the 2008 Annual General Meeting of Shareholders. Audit and accounting costs, totaled \$61,600 (Fiscal 2007 - \$9,180). Transfer and filing fees of \$23,763 were incurred with respect to regulatory filing costs and on-going transfer agency costs. Similar fees incurred during Fiscal 2007 totaled \$14,554. During Fiscal 2008, a total \$87,430 was paid for salaries and benefits (Fiscal 2007 - \$43,074). Management fees totaled \$52,458. Directors’ fees of \$12,190 were paid or accrued in Fiscal 2008 (Fiscal 2007 - \$7,000). Office and sundry expenditures of \$90,410 (Fiscal 2007 - \$8,073) were comprised of: office rent of \$63,356; bank charges of \$4,397; postage and courier costs of \$2,187; supplies of \$3,144; subscriptions of \$96; telephone and communication expenses of \$15,535; and, general administrative costs of \$1,695. Project investigation costs of \$25,648 (Fiscal 2007 - \$1,662) were incurred with respect to the review of potential property acquisitions. A loss of \$15,286 (Fiscal 2007 – \$181,615) on foreign exchange was recorded during Fiscal 2008.

As the Company is an exploration stage company and does not generate any cash flow, it has no income other than interest income. Interest income of \$30,404, as compared to \$28,548 in Fiscal 2007, was recorded during the period. Interest charges of \$1,733 were recorded during the period with respect to a short-term loan, in the amount of \$115,000 and bearing interest of 10% per annum, received from a director.

Travel and promotion costs of \$267,337 (Fiscal 2007 - \$32,470) were incurred by directors and consultants for various trips related to management issues, potential acquisitions and ongoing business concerns. An additional amount of \$66,210 (Fiscal 2007 - \$92,865), which includes advertising and promotion costs and news release/website costs, was recorded for shareholder information expenses. Consulting fees of \$119,816 were recorded during Fiscal 2008, as compared to \$75,085 for the prior year.

During 2007, the Company entered an agreement with a German company to commence development of two portable prototypes, along with related software, for use within the exploration and mining sector. Both the German company and Aldridge will jointly fund the development of this technology, with initial expected costs to be borne by Aldridge estimated at \$220,500. As at November 30, 2007, the Company had incurred research and development costs of \$78,931. A further \$66,043 was incurred during the nine months ended August 31, 2008.

Stock based compensation of \$1,150,700 (Fiscal 2007 - \$1,122,200) was recorded with respect to the grant of stock options during the period. This amount is offset by a credit of the same amount to contributed surplus.

During Fiscal 2008 the Company expensed \$210,403 of administrative costs for the office in Ankara Turkey. In addition, the Company capitalized \$99,831 (Fiscal 2007 - \$54,618) of geological consulting fees to its Turkish mineral property interests.

The Company incurred exploration expenditures and property development and examination expenditures as follows:

	Balance November 30 2007	Additions 2008	Write-down 2008	Balance August 31 2008
Resource Properties	\$	\$	\$	\$
Turkey:				
Yenipazar Property	5,234,658	2,465,168	-	7,699,826
Derinköy Property	1,013,931	10,713	-	1,024,644
Exploration Properties	581,997	549,409	-	1,131,406
	6,830,586	3,025,290	-	9,855,876

	August 31 2008	November 30 2007
Derinköy and Olucak Properties, Turkey		
Acquisition Costs	\$ 1,004,325	\$ 1,004,325
Deferred exploration costs		
Drilling	\$ -	\$ 236,436
Geological	-	-
Analytical	-	48
Vehicle and travel	-	12,278
Project expenses and employee costs	9,465	13,717
Licenses and fees	1,248	8,279
	<u>10,713</u>	<u>270,758</u>
Balance, beginning of period	9,606	315,255
Balance, end of period	<u>20,319</u>	<u>586,013</u>
Less: Write-down of Olucak property	-	(576,407)
Total expenditures - Derinköy and Olucak Properties	\$ 1,024,644	\$ 1,013,931
Yenipazar Property, Turkey		
Acquisition Costs	\$ 902,992	\$ 801,442
Deferred exploration costs		
Drilling	\$ 981,458	\$ 1,176,422
Geological	213,501	285,359
Analytical	151,749	251,652
Project expenses and employee costs	650,386	1,220,305
Travel and transportation	116,937	153,181
Report writing	39,713	74,635
Licenses and fees	209,873	657
	<u>2,363,617</u>	<u>3,162,212</u>
Balance, beginning of period	4,433,217	1,271,005
Balance, end of period	<u>6,796,834</u>	<u>4,433,217</u>
Total expenditures - Yenipazar Proper	\$ 7,699,826	\$ 5,234,658
Exploration Licenses, Turkey		
Acquisition Costs	\$ 430,725	\$ 90,725
Deferred exploration costs		
Drilling	\$ 76,084	\$ 266,460
Geological	54,027	10,710
Analytical	2,307	-
Project expenses and employee costs	39,317	59,772
Travel and transportation	15,998	12,539
Licenses and fees	21,676	5,588
	<u>209,409</u>	<u>355,069</u>
Balance, beginning of period	491,272	136,203
Balance, end of period	<u>700,681</u>	<u>491,272</u>
Total expenditures – Exploration Licenses	\$ 1,131,406	\$ 581,997

Selected Annual Information:

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars.

	As at November 30 2007 \$	As at November 30 2006 \$	As at November 30 2005 \$
Cash and cash equivalents	170,526	2,929,152	138,311
Short term deposits	2,305,000	-	-
Other current assets	203,187	72,180	27,486
Mineral properties	6,830,586	3,565,356	960,243
Capital Assets	184,470	87,036	-
Total assets	9,693,769	6,653,724	1,126,040
Current liabilities	402,283	135,837	91,850
Shareholders' equity	9,291,486	6,517,887	1,034,190
Total shareholders' equity and liabilities	9,693,769	6,653,724	1,126,040
	For the years ended November 30,		
	2007	2006	2005
	\$	\$	\$
Net sales or total revenue (\$000s)	-	-	-
Income (loss) from continuing operations			
(i) in total	(2,954,961)	(1,710,034)	(1,495,935)
(ii) per share	(0.17)	(0.13)	(0.19)

Additional disclosure of general administrative expenses can be found in the audited financial statements for the Company for the year ended November 30, 2007 at www.sedar.com.

3. Summary of Quarterly Results

The following tables summarize information derived from the Company's financial statements for each of the eight most recently completed quarters:

Statement of Loss and Deficit

Quarter ended	Aug 31 2008 \$	May 31 2008 \$	Feb 29 2008 \$	Nov 30 2007 \$	Aug 31 2007 \$	May 31 2007 \$	Feb 28 2007 \$	Nov 30 2006 \$
(i) Net sales or total revenue (\$000s)	-	-	-	-	-	-	-	-
(ii) Income (loss) from continuing operations								
(i) in total	(851,517)	(444,634)	(973,682)	(1,341,961)	(758,741)	(776,945)	(77,314)	(860,593)
(ii) per share	(0.04)	(0.02)	(0.05)	(0.08)	(0.04)	(0.04)	(0.01)	(0.06)

- Net income (loss) from continuing operations is identical to total net income (loss) for each quarter listed.
- Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive
- The Company has no history of declaring dividends.

4. Liquidity and Capital Resources

The Company's exploration properties have not commenced production and the Company has no history of earnings or cash flow from its operations. Aldridge currently finances its activities primarily by the private placement of

securities. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. There are many conditions beyond the Company's control which have a direct bearing on the level of investor interest in the purchase of Company securities. The Company may also attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its properties; however, there is no assurance that any such activity will generate funds that will be available for operations.

Debt financing has not been used to fund the Company's property acquisitions and exploration activities. The Company has no current plans to use debt financing for such transactions and activities. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives.

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations and Deficit and Note 4 "Interest in Mineral Properties" contained in its unaudited Financial Statements for the period ended May 31, 2008, copies of which are filed on the SEDAR website accessible at www.sedar.com.

Cash and Financial Conditions:

At August 31, 2008, the Company had cash of \$3,215,915, short term deposits of \$319,000, working capital of \$3,210,499 and an accumulated deficit of \$11,976,804. Total liabilities at August 31, 2008 were \$574,152, as compared to \$402,283 at Fiscal 2007 year-end.

The Company's financial instruments consist of cash, short term deposits, amounts receivable, accounts payable and accrued liabilities and loan payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Investing Activities:

During the period ended August 31, 2008, investing activities consisted of expenditures on resource properties of \$3,025,290 and the purchase of equipment valued at \$36,144. Short-term investments decreased by \$1,986,000, as these investments were partially redeemed during Fiscal 2008. The Company received interim financing in the form of a loan of \$115,000, bearing interest of 10% per annum, from a director.

Financing activities:

During Fiscal 2008, a total of 2,504,756 common shares were issued on exercise of warrants for gross proceeds of \$4,251,973. In addition, 298,700 common shares were issued upon the exercise of incentive stock options for proceeds of \$364,188. Share issue costs totaled \$1,119. Related to these exercises, an amount of \$1,197,226 was transferred from contributed surplus to share capital. Share subscriptions of \$774,903 were recorded at August 31, 2008, pertaining to the non-brokered private placement completed in September 2008.

5. Critical accounting estimates and accounting policies:

The preparation of the Company's financial statements requires the Company to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenues and expenses. The Company's accounting policies are thoroughly described in Note 2 to the August 31, 2008 unaudited financial statements. The Company's accounting policies relating to investment in mineral properties and deferred costs are critical accounting policies that are subject to estimates and assumptions regarding future activities.

All direct costs, net of preproduction revenue, relative to the acquisition of mineral rights and concessions, exploration for and development of the Company's exploration properties are capitalized to the extent that future cash flow from mineral reserves equal or exceeds the costs deferred. All sales and option proceeds received are first

credited against the costs of the related property, with any excess credited to earnings. Once commercial production has commenced, the net deferred costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties or where mineral rights expire is charged to operations. As at August 31, 2008, the Company did not have proven reserves. Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities.

Generally accepted accounting principles require the Company to consider at the end of each accounting period whether or not there has been an impairment of the capitalized investment in mineral properties. This assessment is based on whether factors that may indicate the need for a write-down are present. If the Company determines there has been impairment, then the Company would be required to write-down the recorded value of its investment in mineral properties which would reduce the Company's earnings and net assets.

Effective October 1, 2006, the Company adopted the three new accounting standards and related amendments to other standards on financial instruments issued by the Canadian Institute of Chartered Accountants ("CICA"), including Handbook Section 3251, "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3865, "Hedges" and Section 1530, "Comprehensive Income".

(i) Financial Instruments – Recognition and Measurement

Under this new standard, all financial instruments are classified as one of the following: held-to maturity investments, loans and receivables, held-for-trading or available-for-sale. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and financial liabilities other than those held-for-trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits the designation of any financial instrument as held-for-trading upon initial recognition.

Effective October 1, 2007, the Company's cash and cash equivalents and short term deposits have been classified as held for trading and are recorded at fair value on the balance sheet. GST and VAT receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities. The Company had neither available-for-sale, nor held-to-maturity investments during the period ended May 31, 2008.

The criteria for assessing an other-than-temporary impairment remain unchanged. Transaction costs incurred to acquire or issue financial instruments are included in the carrying amount of the relevant financial instrument.

(ii) Hedges

This new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed for each of the permitted hedging strategies: fair-value hedges, cash-flow hedges and hedges of a foreign currency exposure of a net investment in a self-sustaining foreign operation. The Company has not designated any agreements as hedges.

(iii) Comprehensive Income

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. The Company had no "other comprehensive income or loss" transactions during the period ended August 31, 2008 and no opening or closing balances for accumulated other comprehensive income or loss.

Effective October 1, 2006., the Company adopted the revised CICA Handbook Section 1506 "Accounting Changes", which requires that: (a) a voluntary change in accounting principles can be made if, and only if, the

changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

The CICA plans to transition Canadian GAAP for public companies to International Financial Reporting Standards (“IFRS”). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company’s consolidated financial statements is not yet determinable.

6. Related Party Transactions:

During the period ended August 31, 2008, the Company paid or accrued:

- management fees of \$52,458 (2007 - \$13,655) with respect to services provided by a director and an officer
- directors’ fees of \$12,190 (2007 - \$7,000)
- salaries and benefits totaling \$87,430 (2007 - \$43,074) to an officer and director of the Company
- geological consulting fees of \$99,831 (2007 - \$54,618), included in the capitalized costs of the mineral properties, to a director of the Company.

At August 31, 2008, \$40,173 (2007 - \$10,884) was included in accounts payable and accrued liabilities as owing to directors and/or officers of the Company. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

In July 2008, the Company received Euro 72,000 (CAD\$115,000) from a director in the form of a loan, bearing interest at 10% per annum, as interim financing.

7. Off-balance Sheet Arrangements and Contractual Obligations:

The Company does not have any off-balance sheet arrangements that are likely to have or are reasonably likely to have a material current or future effect on the Company’s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in the Company’s financial statements.

Additional disclosure concerning the Company’s contractual obligations is provided in Note 4 “Interest in Mineral Properties” contained in its unaudited Financial Statements for the period ended August 31, 2008, copies of which are filed on the SEDAR website at www.sedar.com.

8. Market Risk Disclosures:

The Company has not entered into derivative contracts either to hedge existing risks or for speculative purposes.

9. Share Capital Data as at October 27, 2008:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	100,000,000	22,325,486

(b) Summary of options outstanding:

Security	Number	Exercise Price	Expiry Date
Options	225,000	\$ 2.05	July 31, 2011
Options	210,000	2.10	September 20, 2011
Options	110,000	1.80	October 31, 2011
Options	450,000	2.60	March 8, 2012
Options	306,000	2.88	July 24, 2012
Options	364,300	2.24	February 6, 2013
Options	37,000	2.40	February 19, 2013
Options	200,000	2.40	July 15, 2013
Options	139,000	2.40	July 18, 2013
	2,041,300		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	994,124	3.50	November 29, 2008
Warrants	445,100	3.40	September 12, 2010
Warrants	26,406	2.75	September 12, 2010
	1,465,630		

(d) A total of 217,782 (2007 – 748,657) shares are subject to an escrow agreement, their release being subject to regulatory approval.

10. Internal Control Over Financial Reporting:

Management has designed, established and is maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company, including that of its subsidiary, for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner and in accordance with Canadian GAAP. The Company's system of internal control is designed to address identified risks that threaten the reliability of its external financial reporting. However, due to the inherent limitations in any system of internal control, material misstatements may not be prevented or detected on a timely basis.

Thus far during Fiscal 2008, there have been no changes in the Company's internal control over financial reporting that occurred that had materially affected or are reasonably likely to materially affect its internal control over financial reporting. The design of internal control over financial reporting was assessed at August 31, 2008.

The Company's web site address is www.aldridgeminerals.com. Other information relating to the Company may be found on SEDAR at www.sedar.com.