

Form 51-102F1
Annual Management Discussion and Analysis
For Anglo Minerals Ltd.

For the year ended June 30, 2006

The following management discussion and analysis ("MD & A") dated October 29, 2006 is in respect of the fiscal year ended June 30, 2006 and should be read in conjunction with Annual Audited Consolidated Financial Statements of Anglo Minerals Ltd. ("Anglo" or the "Corporation") for the year ended June 30, 2006.

Forward-Looking Information

Certain statements contained in this quarterly MD & A may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Anglo to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of Anglo's prospects, political and economic conditions, commodity prices and other factors.

Overall Performance

Anglo is a mineral exploration company with its common shares listed and posted for trading on the TSX Venture Exchange Inc. (the "Exchange") as a Tier 2 Issuer. During the year ending June 30, 2006 the Corporation expanded its potash venture (the "Project") in Saskatchewan by applying for and receiving nine Subsurface Mineral Exploration Permits issued by the Government of Saskatchewan and covering in excess of 600,000 acres of lands believed to be prospective for potash. Anglo retained Wardrop Engineering Inc. ("Wardrop") to do a "scoping study" in connection with Anglo's Jansen Lake prospect on Permit KP-286, with a view to determining an estimate of the probable costs of constructing and commissioning a 2.0 million tonne per year potash fertilizer facility. The Corporation also retained Boyd Petrosearch to conduct an extensive 3D seismic program over the Jansen Lake portion of the Project. In June of 2006, Anglo entered into a joint venture with BHP Billiton Diamonds Inc. ("BHPB") to which saw BHPB acquire from Anglo an undivided 60% interest in the Project in exchange for USD \$3.8 million. Anglo and BHPB now own the Project on a 25/75 % basis, with BHPB being the operator of the Project. BHPB has agreed to pay 100% of the costs (to a maximum of USD \$40 million) as required to take the Project to feasibility, and to pay Anglo a further USD \$10 million upon feasibility. BHPB's interest is subject to reduction in the event certain conditions under the governing joint venture agreement are not satisfied.

With respect to revenues, during the year ended June 30, 2006 Anglo realized gross proceeds of \$4,184,560 (US \$3.8 million) from the disposition of a 60% interest in the Project to BHPB, resulting in a gain on disposition of \$1,966,912. The Corporation's other sources of revenues were interest income of \$136,655 and a foreign exchange gain of \$72,000 resulting from currency fluctuations.

With respect to share capital, in March of 2006 the Corporation of completed a brokered private placement of 1,500,000 common shares, 750,000 at \$0.50 per share and 750,000 at \$0.55 per share on a "flow through" basis, to raise gross proceeds of \$787,500. In June of 2006, the Corporation sold 1,039,093 common shares at \$1.06 per share to BHPB for gross

proceeds of \$1,101,200 (US \$1 million) concurrently with the Corporation entering into the joint venture with BHPB.

Subsequent Events

No material subsequent events have occurred since June 30, 2006.

Selected Annual and Quarterly Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

The following table summarizes selected financial data for the Corporation for the last eight quarters. The information set forth below should be read in conjunction with the consolidated audited annual and unaudited quarterly financial statements, prepared in accordance with the Canadian generally accepted accounting principals and related notes.

| | Year Ended June 30, 2006 (\$) | Year Ended June 30, 2005 (\$) |
|---------------------------------------|----------------------------------------------|----------------------------------------------|
| Total Revenues | 2,175,567 | 4,279,241 |
| Expenses | 1,500,861 | 201,686 |
| Net income | 169,313 | 2,924,409 |
| Net income per share | 0.01 | 0.15 |
| Total Assets | 9,484,249 | 5,161,882 |
| Total short and long term liabilities | 2,156,615 | 1,218,359 |
| Cash dividends declared | Nil | Nil |

| | 2006 | | | | 2005 | | | |
|-----------------------------|----------------------------|----------------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Qtr. 4 Apr 1- Jun 30 | Qtr. 3 Jan 1 – March 31 | Qtr. 2 Oct 1 – Dec 31 | Qtr. 1 Jul 1- Sep 30 | Qtr. 4 Apr 1- Jun 30 | Qtr. 3 Jan 1- Mar 31 | Qtr. 2 Oct 1- Dec 31 | Qtr. 1 Jul 1- Sep 30 |
| Total Revenue | 2,086,419 | 32,847 | 30,096 | 26,205 | 3,901,089 | 378,152 | 32 | 5,440 |
| Net Income (loss) | 350,232 | (66,793) | (72,209) | (41,917) | 2,626,080 | 336,521 | (31,300) | (6,892) |
| Net income (loss) per share | 0.01 | (0.00) | (0.00) | (0.00) | 0.15 | 0.01 | (0.00) | (0.00) |

Results of Operations

The Corporation does not yet generate revenue from its mineral properties. The Corporation's income in the subject period resulted from interest income on investments. In addition, the Corporation recorded a \$1,966,912 gain on disposition of mineral properties and a \$72,000 foreign exchange gain on CDN/US currency fluctuations. Losses resulted from general and administration expenses. The Corporation's new potash venture has resulted in new mineral property and exploration expenses and deposits on permit applications.

Liquidity

The Corporation is engaged in the business of mineral exploration and development. Since inception, the efforts of Anglo have been devoted to exploration of natural resources and acquisition of mineral rights. The company has yet to determine whether these properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties and deferred costs is dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties. To date, no development projects have been completed and no production commenced. Also, no significant revenues have been earned other than from mineral property dispositions, and the company is considered to be in the development stage.

Capital Resources

As of June 30, 2006 Anglo had paid up capital and other paid in capital totaling \$4,078,805 representing 28,860,925 common shares without par value, a contributed surplus of \$1,497,786 and retained earnings of \$1,751,043 resulting in shareholders' equity (or net assets) of \$7,327,634 (June 30, 2005 year ending – \$3,943,523). Anglo's working capital surplus at year end (June 30, 2006) was approximately \$6,746,910. Anglo has certain financial obligations and commitments relating to its exploration permits. It intends to satisfy these obligations using cash on hand.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Anglo's general and administrative expenses and resource property costs is provided in the Corporation's Consolidated Statement of Income and Retained Earnings and the Consolidated Statement of Cash Flows contained in its' Consolidated Financial Statements as at June 30, 2006 and 2005 that is available on SEDAR website accessed through www.sedar.com.

Outstanding Share Data

Anglo has unlimited authorized capital. As at June 30, 2006 there are 28,860,925 voting common shares issued and outstanding.

As at June 30, 2006, the following options and share purchase warrants are outstanding:

| Expiry Date | June 30, 2006 | | June 30, 2005 | |
|-------------------|------------------------------|----------------|---------------------|---------------------------------|
| | Options/Warrants Outstanding | Exercise Price | Options Outstanding | Weighted Average exercise Price |
| February 27, 2011 | 2,500,000 | \$0.56 | 2,550,000 | \$0.13 |
| March 23, 2007 | <u>105,000</u> | \$0.50 | <u>650,000</u> | \$0.14 |
| Total | 2,605,000 | | 3,200,000 | |

Transactions with Related Parties

During the year ended June 30, 2006, the Corporation paid consulting fees of \$NIL (2005-\$15,000) to the President of the Corporation. The Corporation also paid management fees totaling \$72,000 (2005-\$36,000) to a company wholly owned by the President of the Corporation. The total amount owing to the President's company of the \$7,061 (2005-\$2,112) is included in accounts payable and accrued liabilities.

During the year ended June 30, 2006, a director provided the company with accounting services of \$9,188 (2005 - \$9,814). The total amount owing to the director of \$5,009 (2005 - \$6,795) is included in the accounts payable and accrued liabilities.

During the year ended June 30, 2006, a legal practice owned by a director provided the Corporation with legal services of \$65,575 (2005-\$13,868). The total amount owing to the director's legal practice of \$Nil (2005-\$209) is included in accounts payable and accrued liabilities.

During the year ended June 30, 2006 there were bonuses in the aggregate amount of \$330,000 paid to officers, directors and employees upon successful completion of the sale of a 60% interest in the Project to BHPB.

Management is of the opinion that these transactions are in the normal course of operations and are measured at the exchanged amount which is the amount of consideration established and agreed to by the related parties.

Financial Instruments and Other Instruments

Anglo's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that Anglo is not exposed to significant interest, currency or credit risks arising from these financial instruments. Anglo currently holds approximately USD \$4.8 million in cash or cash equivalents, which amount may fluctuate in value in terms of the Canadian dollar, which is Anglo's reporting currency. The fair value of these financial instruments approximates their carrying value due to their short-term maturity and capacity for prompt liquidation.

Approval

The board of directors of Anglo has approved the disclosure contained in this Annual MD & A. A copy of this MD & A will be provided to anyone who requests it.

Additional Information

Additional information relating to Anglo is on SEDAR at www.sedar.com.