

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

**For the year ended June 30, 2007**

The following management discussion and analysis ("MD & A") dated October 29, 2007 is in respect of the fiscal year ended June 30, 2007 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, 2007.

**Forward-Looking Information**

Certain statements contained in this annual 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, 2007 the Corporation continued the exploration and development of its potash project (the "Project") located in Saskatchewan, Canada.

The Project consists of a number of exploration permits (the "Permits") issued by the Government of Saskatchewan and allowing the holder thereof to explore for certain subsurface minerals, including potash. The cover in excess of 1.5 million acres of lands (the "Lands") believed to be prospective for potash. The Project and the Permits are held by the Corporation through a joint venture (the "JV") between Anglo's wholly owned subsidiary Prairie Potash Corp. (as to a 25% working interest) and BHP Billiton Diamonds Inc. ("BHPB") (as to 75% working interest), with BHPB being the operator of the JV. Anglo is "carried" for the first USD \$40 million spent on the Project by the JV or until the Project achieves feasibility, whichever is first to occur. BHPB will also pay to Anglo a further USD \$10 million upon feasibility. BHPB's interest in the Project is subject to reduction in the event certain conditions in the governing agreements are not completed or satisfied.

During the year ended June 30, 2007, the JV spent considerable time evaluating the available geo-scientific information relating to the Project, including the analysis of in excess of 250 drill cores from wells drilled on the Lands. Available information was catalogued and put into a digital format, and then analyzed using BHPB's proprietary software and methods. In addition, during the fiscal year, the JV initiated a 2D seismic survey which covered in excess of 1,400 kilometers, one of the largest seismic programs in Saskatchewan history. As at June 30, 2007, it is estimated that the JV had spent approximately USD \$6.8 million on the Project. It is anticipated that the JV will spend an additional USD \$13 to \$17 million in fiscal 2008, the majority of which expenditures will relate to an extensive 3D seismic program on the JV's area of primary interest and approximately 4 new wells. Due to a number of factors, including the expansion of the JV's area of primary interest, management of Anglo no longer

believes that the USD \$40 million which BHPB is required to spend will be sufficient to advance the Project to feasibility.

In 2007, Management initiated a strategy to raise the Corporation's profile in the investment community. On May 1, 2007, Anglo appointed Mr. Corey Giasson as Vice President, Business Development and Investor Relations to head up the Corporation's investor relations initiative. Part of this program involved the development of a new "corporate identity" package, which included a new logo, website, investor package, display booth, etc. Anglo was also represented by Mr. Giasson at a number of Canadian investment conferences.

With respect to revenues, Anglo's mineral properties do not yet produce any revenues and its sole source of revenue during the year was interest income. During the year ended June 30, 2007 Anglo realized interest income of \$187,513, and suffered a foreign exchange loss of \$253,658 resulting from currency fluctuations, resulting in a loss of \$66,145. Operating expenses were \$4,040,685, the vast majority (\$3,525,000) of which was attributable to stock based compensation.

With respect to share capital, during the year ended June 30, 2007 a total of 2,605,000 common shares were issued from treasury for gross proceeds of \$1,452,500. Included in the foregoing 2,605,000 common shares were 2,500,000 common shares issued to directors, officers, employees and consultants upon exercise of outstanding stock options at \$0.56 per share and 105,000 common shares issued to an agent upon exercise of outstanding broker warrants at \$0.50 per share. The Corporation also issued stock options during the year entitling the holders to acquire 3,100,000 common shares at an exercise price of \$1.25 per share for a period of 5 years.

### **Subsequent Events**

Subsequent to June 30, 2007, a financial consultant exercised warrants to acquire 200,000 common shares at \$0.70 per share.

### **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 two years and the last eight quarters, as applicable. 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.

	<b>Year Ended June 30, 2007 (\$)</b>	<b>Year Ended June 30, 2006 (\$)</b>
Total Revenues	(66,145)	2,175,567
Expenses	4,040,685	1,500,861
Net income (loss)	(3,994,645)	169,313
Net income (loss) per share	(0.14)	0.01
Total Assets	9,700,577	9,484,249
Total short and long term liabilities	1,390,823	2,156,615
Cash dividends declared	Nil	Nil

	2007				2006			
	Qtr. 4 Apr 1– Jun 30	Qtr. 3 Jan 1 – Mar 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	(438,734)	38,911	278,524	55,154	2,086,419	32,847	30,096	26,205
Net Income (loss)	(4,010,082)	(29,236)	57,420	(12,747)	350,232	(66,793)	(72,209)	(41,917)
Net income (loss) per share	(0.14)	(0.00)	0.00	(0.00)	0.01	(0.00)	(0.00)	(0.00)

### Results of Operations

The Corporation does not yet generate revenue from its mineral properties. The Corporation's negative revenues of \$66,145 in the subject period resulted from interest income on investments of \$187,513, less a \$253,658 foreign exchange loss on CDN/US currency fluctuations. Additional losses of \$4,040,685 resulted from general and administration expenses, including a \$3,525,000 expense for stock based compensation. Accordingly, the Corporation's loss for the period (before income tax) was \$4,106,830 and the Corporation's net loss (after income taxes) was \$3,994,645. The Corporation's 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 Corporation has yet to determine whether these properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties and deferred costs are 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 Corporation is considered to be in the development stage.

### Capital Resources

As of June 30, 2007 Anglo had paid up capital and other paid in capital totaling \$6,555,770 representing 31,465,925 common shares without par value, a contributed surplus of \$3,997,586 and a deficit of \$2,210,846 resulting in shareholders' equity (or net assets) of \$8,342,510 (June 30, 2006 year ending – \$7,327,634). Anglo's working capital surplus at year end (June 30, 2007) was approximately \$7,631,367. 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 (Loss) and

Retained Earnings (Deficit) and the Consolidated Statement of Cash Flows contained in its' Consolidated Financial Statements as at June 30, 2007 and 2006 that is available on SEDAR website accessed through [www.sedar.com](http://www.sedar.com).

### Outstanding Share Data

Anglo's authorized capital consists of an unlimited number of common shares, an unlimited number of non-voting common shares and an unlimited number of preferred shares, issuable in series. As at June 30, 2007 there were 31,465,925 voting common shares issued and outstanding.

As at June 30, 2007 and 2006, the following options and share purchase warrants were outstanding:

Expiry Date	June 30, 2007		June 30, 2006	
	Options/Warrants Outstanding	Exercise Price	Options/Warrants Outstanding	Exercise Price
February 27, 2011	-	-	2,500,000	\$0.56
March 23, 2007	-	-	105,000	\$0.50
April 5, 2012	3,100,000	\$1.25	-	-
May 17, 2009	250,000	\$0.70	-	-
<b>Total</b>	<b>3,350,000</b>		<b>2,605,000</b>	

### Transactions with Related Parties

During the year ended June 30, 2007, the Corporation paid management fees totaling \$102,000 (2006-\$72,000) to a corporation wholly owned by the President of the Corporation. The total amount owing to the President's corporation of \$8,480 (2006-\$7,061) is included in accounts payable and accrued liabilities.

During the year ended June 30, 2007, a director provided Anglo with accounting services for which the Corporation paid \$18,607 (2006 - \$9,188). The total amount owing to the director of \$2,906 (2006 - \$5,009) is included in the accounts payable and accrued liabilities.

During the year ended June 30, 2007, the Corporation paid legal fees of \$101,323 (2006 - \$65,575) and office sub-lease rental fees of \$17,500 to a law firm in which a director of the Corporation is a partner. The total amount owing to this law firm of \$30,169 (2006 - \$NIL) is included in accounts payable and accrued liabilities.

During the year, a director provided the Corporation with geological consulting advice for which Anglo paid \$15,000 (2006 - NIL). No amounts were payable as at June 30, 2007 to the director.

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, accounts payable and accrued liabilities and due to an officer and director. Unless otherwise noted, it is management's opinion that Anglo is not exposed to significant interest or credit risks arising

from these financial instruments. Anglo currently holds approximately \$4.8 million in US 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.

### **Disclosure of Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information gathered and reported to senior management, including the Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") of the Corporation on a timely basis so that appropriate decisions can be made regarding public disclosure. For the year ended June 30, 2007, the CEO and CFO have evaluated the effectiveness of the Corporation's disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators entitled *Certification of Disclosure in Issuers' Annual and Interim Filings*, and have concluded that such controls and procedures are effective, except as noted elsewhere herein.

Notwithstanding the foregoing, it should be noted that while Anglo's CEO and CFO believe that the disclosure controls and procedures will provide a reasonable level of assurance and that be generally effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. Any control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system will be met.

### **Internal Control Over Financial Reporting**

The CEO and CFO are responsible for designing internal control procedures over financial reporting or causing it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and disclosure for external purposes in accordance with Canadian generally accepted accounting principles.

There are inherent weaknesses in the Corporation's internal control due to its small size and its inability to segregate incompatible functions. Due to the limited number of staff at Anglo, it is not feasible to achieve complete segregation of incompatible duties. Further, Anglo does not have a sufficient number of finance personnel, with all of the technical accounting knowledge, to address all complex and non-routine accounting transactions that may arise. Finally, many of Anglo's information systems are subject to general control deficiencies including a lack of effective controls over spreadsheets, access and documentation.

The foregoing weaknesses in internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the Board of Directors work to mitigate the risk of material misstatement; however, there can be no assurance that the risk can be reduced to a remote likelihood of a material misstatement. Anglo currently has no plans to remediate these weaknesses.

Subsequent to the year ended June 30, 2007, the management and directors of the Corporation initiated consideration of the adoption of a Code of Business Conduct and Ethics, a Whistle Blower Policy and a Policy regarding Disclosure, Confidentiality and Trading. It is anticipated that such policies will be adopted in due course. Anglo will continue to consider ways to strengthen the internal control and corporate governance aspects of its business and operations.

**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](http://www.sedar.com).