

# ALDRIDGE MINERALS INC.

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

Form 51-102F1

For the quarter ended August 31, 2005 and 2004

**Dated October 26, 2005**

### INTRODUCTION

This Management's discussion and analysis of financial position and results of operations of Aldridge Minerals Inc. ("Aldridge," the "Company") should be read in conjunction with the audited financial statements of Aldridge Minerals Inc. and the notes thereto for the year ended November 30, 2004. In this discussion and analysis, unless the context otherwise dictates, a reference to the Company refers to Aldridge Minerals Inc. The effective date of this MD&A is October 26, 2005.

Additional information about Aldridge Minerals Inc. is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### FORWARD-LOOKING STATEMENTS

This interim management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to the Company that are 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 August be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

#### 1. Overview

Aldridge Minerals Inc. was incorporated in the province of British Columbia on June 6, 1994 and is in the business of location, acquisition, exploration and, if warranted, development of mineral properties.

The Company's exploration efforts are focused on the exploration and development of properties in Turkey. The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain minerals or mineral reserves that are economically recoverable.

During the nine month period ended August 31, 2005, the Company continued to concentrate its investigations into expanding its portfolio of projects in Turkey through: (i) Existing exploration operations where an infrastructure already exists; (ii) Properties presently being developed and/or in advanced stages of exploration which have potential for additional discoveries; and (iii) Grass-roots exploration opportunities. Several projects were reviewed, but none of the projects returned results encouraging enough to warrant further activities.

During the quarter ended May 31, 2005 Anatolia Minerals' Turkish subsidiary, Yamas, carried out exploration work on behalf of the Company on the Company's Yenipazar license in Turkey. The work involved sinking of a shaft and sampling & assaying of rocks on the shaft walls.

In June 2005 the Company incorporated a Turkish subsidiary, Aldridge Minerals Madencilik Ltd. Sti. to hold the Company's Turkish exploration licenses and to acquire new exploration licenses and mineral rights in Turkey.

In June the Company began the preparatory work for the drill program on the Yenipazar prospect. Drilling commenced in late July and was completed in early September with a total of 4332 drill-meters in 35 vertical RC-holes at an average depth of 123 meters. Initial results from the drill program are expected within the next two months

These unaudited, condensed, financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. All monetary amounts are in Canadian dollars unless otherwise noted.

The balance sheet at November 30, 2004 has been derived from the audited financial statements at that date. The financial statements and footnotes thereto included in the Aldridge Minerals Inc. Annual Report for the year ended November 30, 2004 should be reviewed in connection with these condensed unaudited financial statements.

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.

## 2. Results of Operations

For the nine month period ended August 31, 2005 the Company incurred a net loss from operations of \$424,511 (2004 - \$185,227) or \$(0.06) per share (2004 - \$(0.09) per share).

During the nine month period ended August 31, 2005 the Company incurred \$344,110 (2004 - \$111,004) in exploration expenditures and property development and examination expenditures.

Resource Properties	Balance November 30 2004	Additions 2005	Write-down 2005	Balance February 28 2005
Turkey:				
Derinköy and Olucak Properties	\$ 288,798	\$ 79,314	\$ -	\$ 368,112
Yenipazar Property	\$ -	\$ 264,796	\$ -	\$ 264,796
	<u>\$ 288,798</u>	<u>\$ 344,110</u>	<u>\$ -</u>	<u>\$ 632,908</u>

For details regarding the Company's mineral exploration properties please refer to Note 4 in the audited Financial Statements of Aldridge Minerals Inc. and the notes thereto for the year ended November 30, 2004.

### 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:

#### Aldridge Minerals Inc.

#### Statements of Loss and Deficit

(Unaudited - Prepared by Management)

	Quarter Ended:	Aug 31	May 31	Feb 28	Nov 30	Aug 31	Aug 31	Feb 28	Nov 30
	Year:	2005	2005	2005	2004	2004	2004	2004	2003
(i)	Net sales or total revenue								
	(\$000s)	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
(ii)	Income (loss) from								
	continuing operations:								
	(i) in total	\$ (215,748)	\$ (196,222)	\$ (12,541)	\$ (89,548)	\$ (67,807)	\$ (92,041)	\$ (25,487)	\$ (75,118)
	(ii) per share <sup>1</sup>	(\$0.03)	(\$0.03)	(\$0.00)	(\$0.03)	(\$0.03)	(\$0.04)	(\$0.00)	(\$0.01)
	Quarter Ended:	Aug 31	May 28	Feb 28	Nov 30	Aug 31	May 31	Feb 28	Nov 30
	Year:	2005	2005	2005	2004	2004	2004	2004	2003
(iii)	Net income or (loss):								
	(i) in total	\$ (215,748)	\$ (196,222)	\$ (12,541)	\$ (89,548)	\$ (67,807)	\$ (92,041)	\$ (25,487)	\$ (75,118)
	(ii) per share <sup>1</sup>	(\$0.03)	(\$0.03)	(\$0.00)	(\$0.03)	(\$0.03)	(\$0.04)	(\$0.00)	(\$0.01)

(1) Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.

### 4. Liquidity and Capital Resources

The Company's exploration properties have not commenced commercial 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 and the Company has no current plans to use debt financing. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives. The Company has no agreements or understandings with any person as to additional financing.

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Loss and Deficit and the Schedule of Resource Property Costs contained in its interim unaudited Financial Statements for the nine month period ended August 31, 2005, copies of which are filed on the SEDAR website accessed through [www.sedar.com](http://www.sedar.com)

*Cash and Financial Conditions:*

At August 31, 2005 Company had cash of \$529,343 (2004 - \$16,452), working capital of \$476,314 (2004 – working capital deficiency \$4,772) and an accumulated deficit of \$3,970,552 (2004 - \$3,456,491) respectively. Total liabilities at August 31, 2005 were \$58,652 (2004 - \$27,020), an increase of \$31,632.

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. 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 nine months ended August 31, 2005 investing activities consisted of expenditures on resource properties of \$344,110 (2004 - \$111,004).

*Financing Activities:*

During the nine months ended August 31, 2005, 1,316,710 (2004 – 0) common shares were issued on exercise of warrants for proceeds of \$272,017 (2004 - \$0); 450,000 (2004 – 0) common shares were issued on exercise of stock options for proceeds of \$180,000 (2004 - \$0). Subsequent to August 31, 2005, 533,333 common shares were issued for proceeds of \$350,000 in connection with a private placement completed in September 2005 and 1,517,095 common shares were issued on exercise of warrants for proceeds of \$347,627.

*Critical Accounting estimates and changes in accounting policies:*

The preparation of its 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 described in note 2 to its November 30, 2004 financial statements. The Company's accounting policies relating to depreciation and amortization of property, plant and equipment 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 equals 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, 2005 and November 30, 2004, 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 property, plant and equipment. 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 property, plant and equipment costs which would reduce the Company's earnings and net assets.

*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 audited Financial Statements for the year ended November 30, 2004, copies of which are filed on the SEDAR website accessed through [www.sedar.com](http://www.sedar.com)

*Market Risk Disclosures:*

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

*Investor relations:*

The Company retained no investor relations firms during the nine months ended August 31, 2005.

**Approval**

The Board of Directors of Aldridge Minerals Inc. has approved the disclosure contained in this interim MD&A. A copy of this interim MD&A will be provided to anyone who requests it.