



**PALLADON VENTURES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS**

**For the financial year ending February 29, 2008
Date of report: August 20, 2008**

The following Management Discussion and Analysis (MD&A) of Palladon Ventures Ltd. ("Palladon" or the "Company") is intended to be read in conjunction with the Company's accompanying audited consolidated financial statements for twelve month period ending February 29, 2008. The Company is a reporting issuer in the provinces of British Columbia and Alberta and its common shares are listed on the Toronto Venture Exchange under the symbol: PLL.

Additional information and public filings relating to the Company are available on the SEDAR website at www.sedar.com.

All financial information in this MD&A is prepared in accordance with the Canadian Generally Accepted Accounting Principles and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Information

Certain statements and expressions in this document are intended to identify forward-looking statements. Such forward-looking statements regarding the Company's plans, objectives, and goals are subject to risks and uncertainties which could cause actual results to differ materially from estimated results. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in such statements.

Such risks and uncertainties include, but are not limited to, the Company's ability to raise sufficient capital to fund development, changes in general economic conditions or financial markets, changes in prices for the Company's mineral products or increases in input costs, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in countries where the Company operates, technological and operational difficulties or inability to obtain permits encountered in connection with our exploration and development activities, labor relations matters, and changing foreign exchange rates, which are described more fully in the Company's filings with Securities regulators.

Overall Performance

Palladon is in the business of acquiring, exploring, and developing mineral resource properties worldwide. The Company holds a 50% interest in the Iron Mountain project under development in Iron County, Utah, and a 100% interest in a portfolio of five gold exploration properties in Nevada and Utah. The Company also holds a royalty interest in a copper development property in Beaver County, Utah, and a portfolio of early stage exploration projects in Patagonia, Argentina.

The Company's priority is the redevelopment of the Iron Mountain project, last operated by Geneva Steel in 1996.

Highlights of the Company's activities for the fiscal year ended February 29, 2008 are:

- Delivery and installation of electrical substation facilities at Iron Mountain, Utah
- Delivery and installation of a transformer at Iron Mountain, Utah

Power infrastructure at Iron Mountain will consist of the electrical substation and switching unit connecting current equipment and future plant facilities to the main 138 kV power line connected to local electrical facilities in Cedar City and Newcastle. The Company intends to carry out the installation of power poles, transmission lines, switching and metering equipment by June, 2008.

Highlights of the Company's activities for the twelve-month period ended February 29, 2008, are:

- Closing \$7.8 million non-brokered private placement financing
- Environmental Study and confirmation drilling at Iron Mountain
- Procurement, delivery, and installation of electrical substation equipment
- Construction of electrical substation
- Negotiations with steel companies for long-term iron ore sales contracts

The Company's net loss from operations for the twelve months ending February 29, 2008, totaled \$4,022,197 compared to a loss of \$9,699,863 for the twelve month period ending February 28, 2007.

Assets increased from \$23,675,163 as of February 28, 2007 to \$25,781,736 as of February 29, 2008. Capitalized resource property costs increased from \$22,437,873 at February 28, 2007 to \$24,028,077 at February 29, 2008. The Company's cash and cash equivalents increased from \$135,936 on February 28, 2007 to \$820,381 on February 29, 2008 due to proceeds from a May, 2007 private placement financing net of funds utilized for operations and development costs. The Company had a net working capital deficit of \$695,211 on February 29, 2008, as compared to working capital deficit of \$2,466,120 on February 28, 2007.

The Company is a development stage company and engages principally in the acquisition, explorations, and development of mineral resource properties. The Company capitalizes all property costs until the related property is placed into production, sold, or abandoned. During the twelve month period ended February 29, 2008, a total of \$1,590,204 in property costs were capitalized, after netting \$1,835,751 in written-down property costs and adjustments for recovered resource property costs.

Subsequent to the November 30, 2007 interim financial statements, management reclassified certain property expenses on Schedule 1 of the financials. These expenses were re-categorized to more properly reflect the true nature of each expenditure.

Results of Operations

Twelve Months Ended February 29, 2008

The Company's loss from operations for the twelve months ended February 29, 2008 totaled \$4,022,197, a loss of \$0.06 per share (February 28, 2007: \$9,699,863 or \$0.22 per share). The Company's current loss primarily relates to \$3,000,983 of administrative expenses (February 28, 2007: \$4,460,168), mitigated by a gain on sale of investments of \$0 (February 28, 2007: \$688,802).

General and administrative expenses for the period ending February 29, 2008, excluding stock-based compensation expenses of \$102,000 (February 28, 2007: \$288,000) totaled \$2,898,983 (February 28, 2007: \$4,172,148), a decrease of 30.52% from the period ending February 28, 2007. One reason for the decrease in general and administrative expenses is the decision by management to close the Canadian office and out-source those services.

Excluding stock-based compensation expenses, the largest expense items for the period ended February 29, 2008, were: salaries and benefits totaling \$938,288 (February 28, 2007: \$803,151), interest on long-term debt of \$954,647 (February 28, 2007: \$1,644,046), legal expenses totaling \$110,822 (February 28, 2007: \$312,608), travel \$211,736 (February 28, 2007: \$391,697), accounting and audit \$89,116 (February 28, 2007: \$93,353).

Compensation for officers, employees, and consultants totaling \$1,070,849 (February 28, 2007: \$878,019) for the period ending February 29, 2008 shows an increase of 9.12% compared to the period ended February 28, 2007. The increase is explained by the hiring of additional staff and increased consulting fees.

Legal fees totaled \$110,822 (February 28, 2007: \$312,608), accounting for approximately 3.35% of total general and administrative expenses excluding stock-based compensation.

Travel expenses totaled \$211,736 (February 28, 2007: \$391,697), accounting for 7.06% of total general and administrative expenses decreased by \$179,961 compared to the period ended February 28, 2007. The decrease in travel expenses is attributable to increased management oversight of expenses.

Accounting and audit fees of \$89,116 (February 28, 2007: \$93,353), showed a decrease of \$4,237.

Stock-based compensation expenses decreased from \$288,000 for the period ended February 28, 2007 to \$102,000 for the period ended February 29, 2008. During the period ended February 29, 2008, 600,000 new options were granted.

The Company has decided that it does not intend to conduct any further work on the properties in Argentina in the foreseeable future and, therefore, will write these properties down to a nominal value. Writing them down will show a loss of \$1,835,751. Any future recovery would be a gain when actually received. This decision was made due to the difficulty in working with the Argentinean government and the inability to determine value of the remaining properties.

Selected Annual Information

	Year		
	29-Feb <u>2007</u>	28-Feb <u>2007</u>	Restated 28-Feb <u>2006</u>
Total Revenues	\$ -	\$ -	\$ -
Net loss for year	\$ (4,022,197.00)	\$ (9,699,863)	\$ (4,894,719)
Basic and diluted loss per share	\$ (0.06)	\$ (0.22)	\$ (0.17)
Total assets	\$ 25,781,736.00	\$ 22,437,873	\$ 28,025,732
Total long-term liabilities	\$ 13,560,149.00	\$ 11,390,217	\$ 14,631,900
Cash dividends per share	\$ -	\$ -	\$ -

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	2007				2006			
	Q4 29-Feb	Q3 30-Nov	Q2 31-Aug	Q1 31-May	Q4 28-Feb	Q3 30-Nov	Q2 31-Aug	Q1 31-May
Total Revenues			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before discounted operations and extraordinary items:								
Total Revenues	(2,652,951)	(393,157)	\$ (652,623)	\$ (323,472)	\$ (9,399,643)	\$ (782,184)	\$ (843,786)	\$ (1,871,190)
Per share	(0.04)	(0.01)	\$ (0.009)	\$ (0.01)	\$ (0.21)	\$ (0.02)	\$ (0.02)	\$ (0.05)
Per share, fully diluted	(0.04)	(0.01)	\$ (0.009)	\$ (0.01)	\$ (0.21)	\$ (0.02)	\$ (0.02)	\$ (0.05)
Net loss: Total	(2,652,951)	(393,157)	\$ (652,623)	\$ (323,472)	\$ (9,399,643)	\$ (782,184)	\$ (843,786)	\$ (1,871,190)
Total Revenues								
Per share								
Per share, fully diluted	(0.01)	(0.01)	\$ (0.009)	\$ (0.01)	\$ (0.21)	\$ (0.02)	\$ (0.02)	\$ (0.05)

Liquidity

The Company's working capital as at February 29, 2008 was \$(695,211) compared to \$(2,466,120) for the period ended February 28, 2007. Cash and cash equivalents increased by \$684,445 during the twelve months ended February 28, 2008, from \$135,936 as of February 28, 2007 to \$820,381 at February 29, 2008.

As a result of a non-brokered private placement completed in May of 2007, cash provided by financing activities for the twelve month periods ended February 29, 2008 totaled \$6,498,226.

At present, the Company's operations generate revenues of \$243,413 from the sale of iron ore to a local cement company. These revenues are considered nominal and are shown as recovered resource costs. This revenue stream is not expected to increase significantly and the Company's financial success is dependent on management's ability to bring the Iron Mountain project into the production of iron ore materials for sale to steel companies. This process is subject to many risks beyond management's control.

In order to finance the development of the Iron Mountain project into a commercially productive operation, the Company must secure additional equity and/or debt financing. Many factors influence the Company's ability to raise funds, from the strength or weakness of the resource market, conditions in banking and investment markets, the Company's track record, and experience and quality of its management. Actual funding requirements may vary from those planned due to changes in commodity prices or availability of personnel and equipment. Management believes it will be able to position the Company for additional funding but recognizes that there will be risks beyond its control.

Capital Resources

The capital resources of the Company include resource properties, carried at \$24,028,077, which the Company is committed to develop in line with planned budgeted expenditures for the coming year and beyond. The Company's intention is to commit additional funds for continuing development and exploration activities.

Iron Mountain Project Overview

The Iron Mountain project, located in Iron County, southwestern Utah, is held in a joint venture with New York-based private equity firm Luxor Capital Partners, LLC ("Luxor"), and operated through the Company's private subsidiary Palladon Iron Corporation ("PIC").

The Company ultimately plans to build an iron ore milling facility ("the plant") to produce high-grade iron ore concentrates at a rate of 2 million tonnes per year. The Plant will consist of a crushing circuit, a grinding circuit with a 15.5' x 23' steel ball mill, a two-stage magnetic separation circuit, and a loading facility designed to produce magnetite concentrates. The plant will be housed in a 100' x 150' steel-framed building, to be built near Geneva Steel's historic production facilities adjacent to the rail head at the mouth of the Comstock/Mountain Lion mine on Iron Mountain. Projected capital costs at 2 million tonnes are estimated at US\$38 million. To expand to 4 million tonnes will be an additional US\$19 million.

The Company plans to secure this funding through a debt facility upon securing a letter of credit on the signing of a long-term sales contract. Capital costs for expanding the plant capacity in year three to 4M tonnes of production are estimated to amount to US\$18 million, with major equipment estimated to carry an 18-to 24-month delivery time. The Company plans to fund this expansion through future operating cash flows. Production costs per ton are expected to decrease as a result of expanded production capacity.

The Iron Mountain project is connected by rail to the Cedar City main line by a 14.6-mile spur line. The spur line requires some safety upgrades, which will be carried out gradually over the course of the next three years.

Once operational, the Iron Mountain project will represent an excellent business opportunity for railway carrier and port facility partnerships. Potentially, PIC could become one of Utah's largest exporters of dry bulk material. Iron ore is considered to be a very favorable cargo due to the high density and low bulk, and it carries a low environmental impact profile. The Company plans to initiate mining activities in the open pit of the Comstock/Mountain Lion mine on Iron Mountain. Gilbert Development Corporation, Geneva Steel's mining operator at Iron Mountain, remains committed to providing mining, crushing, and loading services for the operation. It should be noted that the Company reached a production decision on the Iron Mountain project despite the absence of a recent NI-43-101 compliant resource study or feasibility study. The Company believes that the quantity and grade of iron resources in the Comstock/Mountain Lion mine is sufficient to justify the production decision, but there is a risk that the project has insufficient resources at an insufficient grade to support the recommencement of commercial operations. The Company believes that this risk is mitigated to some extent by the integrity of the previous operators' reporting standards, and the fact that the iron ore product has been commercially viable in the past. For additional information on the Iron Mountain project, please refer to the technical report authored by qualified person Mr. Rick Russell, dated September 15, 2005, at the Company's website at www.palladonventures.com. This report was updated on June 18, 2008.

Off-Balance-Sheet Arrangements

There are no current commitments.

Related Party Transactions

For the the years ending February 29, 2008 and February 28, 2007, the Company incurred the following transactions with related parties consisting of current and/or former directors of the Company or private companies controlled by them:

	Year ended	
	<u>February 29,</u> <u>2008,</u>	<u>February 28,</u> <u>2007</u>
Gain on debt settlement	\$ (66,248)	
Legal	\$ 18,648	\$ 202,600
Management fees	\$ 15,000	\$ 75,000
Salaries	<u>\$ 404,285</u>	<u>\$ 377,677</u>
Total	<u>\$ 371,685</u>	<u>\$ 655,277</u>

The charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Commitments

The Company currently has one obligation to Luxor Capital Partners for a note for \$9.3M that was established at the time of purchase of the resource at Iron Mountain. The note is due payable in April 2010. (See Subsequent Events).

Contracts relating to the Iron Mountain development include Mountain States Contracting upgrading the 14.6 miles of rail to the mine site (\$2.3 million), GSL Electric completing the electrical power facilities (\$1.2 million), a shortline operator to move rail cars at the site, and the Union Pacific Railroad to lease the rail lines on the Iron Mountain site.

Contractual obligations include an initial \$1.2 million to Gilbert Development Corporation to purchase crushing and mining equipment, and to mobilize for the construction of the crushing plant. In addition, The Company has a commitment from Gilbert Development to provide mining and loading services as well as crushed feed for the grinding mill.

The Company entered into a lease for the Utah corporate offices with an option to extend. Annual lease payments required are as follows:

February 28, 2008	\$111,827
February 28, 2009	\$115,162

To the best of its knowledge, management believes that it is in compliance with all the applicable laws and regulations, including environmental laws and regulations. As required by law, the Company carries a \$1.45 million Reclamation Bond for the Iron Mountain project.

Recent Developments and Outlook

The Company expects to obtain financing in the future primarily through equity and/or debt financing. There can be no guarantee that the Company will succeed in obtaining additional

financing in the short term or future. Failure to do so on a timely basis could cause the Company to forfeit or sell its interest in its mineral properties.

Fourth Quarter

The Company's loss for this quarter was \$(2,652,951) due mainly to the write-off of properties in Argentina, increased salaries and administrative costs related to increased activities on the Iron Mountain project and loss on foreign exchange.

Proposed Transactions

Maestro Ventures continues with its agreement to earn a 75 percent position in the Utah/Nevada gold properties by expending US\$5M over 5 years in property expenditures, geological assessment and drilling to further investigate the long-term viability of those properties.

Palladon Ventures continues to hold a maximum US\$10M net smelter return on the Western Utah Copper properties.

See Subsequent Events for other information.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure relating to the Company's general and administrative expenses and resource property costs is provided in the Company's Consolidated Statement of Loss and Deficit contained in its consolidated Financial Statements for February 29, 2008, available on the Company website at www.palladonventures.com and on the SEDAR website at www.sedar.com.

Critical Accounting Estimates

A summary of the Company's significant accounting policies may be found in the Notes to Accounts, Notes 2 and 3, attached to the Financial Statements for the the year ending February 29, 2008.

As stated, the Company is required to conform to the generally accepted Canadian accounting principles, which require management to establish accounting policies and to make estimates that affect both the amount and timing of recording of assets, liabilities, expenses and revenues when applicable. Therefore, judgments made regarding these estimates, by their nature, are inherently uncertain. Management regularly reviews all projects as a part of their ongoing process and this also requires estimates, which are subject to various risks and uncertainties, and may affect the expected values and expenditures of those properties. The Company defers the cost of acquiring and maintaining its interests, and of exploring and developing mineral properties, until such time as the properties are placed into production, abandoned, sold, or considered to be impaired in value. The Company capitalizes the costs of equipment being built or purchased until those assets are put into production. Costs of producing properties will be amortized on a unit-of-production basis and costs of abandoned properties will be written off. Proceeds received on the sale of interests in mineral properties will be credited to the carrying value of mineral properties, with any excess included in

operations. Write-downs due to impairment in value will be charged to operations when written down.

Critical Accounting Estimates

A summary of the Company's significant accounting policies may be found in the Notes to Accounts, Notes 2 and 3, attached to the Financial Statements for the the year ending February 29, 2008.

As stated, the Company is required to conform to the generally accepted Canadian accounting principles, which require management to establish accounting policies and to make estimates that affect both the amount and timing of recording of assets, liabilities, expenses and revenues when applicable. Therefore, judgments made regarding these estimates, by their nature, are inherently uncertain. Management regularly reviews all projects as a part of their ongoing process and this also requires estimates, which are subject to various risks and uncertainties, and may affect the expected values and expenditures of those properties. The Company defers the cost of acquiring and maintaining its interests, and of exploring and developing mineral properties, until such time as the properties are placed into production, abandoned, sold, or considered to be impaired in value. The Company capitalizes the costs of equipment being built or purchased until those assets are put into production. Costs of producing properties will be amortized on a unit-of-production basis and costs of abandoned properties will be written off. Proceeds received on the sale of interests in mineral properties will be credited to the carrying value of mineral properties, with any excess included in operations. Write-downs due to impairment in value will be charged to operations when written down.

Financial Instruments and Other Instruments

The carrying value of the Company's financial instruments, consisting of cash, marketable securities, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The carrying value of the loans receivable last year also approximated its fair value. The Company is exposed to fluctuations in foreign currencies through its operations in the United States and Argentina. The Company monitors this exposure, but has no hedge positions.

Changes in Accounting Policies

Adoption of New Accounting Standards

Effective March 1, 2007, the Company adopted five new Canadian Institute of Chartered Accountants ("CICA") accounting standards: (a) Handbook Section 1530, Comprehensive Income; (b) Handbook Section 3855, Financial Instruments – Recognition and Measurement; (c) Handbook Section 3861, Financial Instruments – Disclosure and Presentation; (d) Handbook Section 3865, Hedges; and (e) Handbook

Section 1506, Accounting Changes. The main requirements of these new standards and the resulting financial statement impact are described below.

Consistent with the requirements of the new accounting standards, the Company has not restated any prior period amounts as a result of adopting the accounting changes. The effect of the adoption of these standards is summarized below:

i) Comprehensive Income, Section 1530:

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 holding gains and losses on available for sale investments, gains and losses on certain derivative financial 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 adoption of this section had no impact on accumulated comprehensive income at March 1, 2007.

ii) Financial Instruments – Recognition and Measurement, Section 3855:

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on the balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in either the statements of loss or the statement of comprehensive income.

All financial assets and liabilities are recognized when the Company becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect.

ii) Financial Instruments – Recognition and Measurement, Section 3855:

All financial instruments are classified into one of the following five categories: held-for-trading, held to maturity, loans and receivables, available for sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held to maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net earnings (loss), using the effective interest method.

- Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net earnings (losses).
- Held for trading financial instruments are measured at fair value. All gains and losses resulting from changes in their fair value are included in the statements of operations in the period in which they arise.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses resulting from changes in their fair value are included in the statements of operations in the period in which they arise.

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Cash is classified as held-for-trading which is measured at fair value.
- Amounts receivable are classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.
- Marketable securities are classified as held-for-trading with unrealized gains and losses recorded in the determination of income (loss).
- Accounts payable and accrued liabilities are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

ii) Financial Instruments – Recognition and Measurement, Section 3855: – (cont'd)

- Loans payable are classified as other liabilities. Subsequent valuations are recorded at amortized cost using the effective interest method.
- Due to related parties are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

The adoption of this section required the Company to re-value its marketable securities at March 1, 2007 to their fair value of \$168,750 resulting in a decrease to opening deficit at March 1, 2007 of \$24,750. Also on adoption of this section, the Company decided to not defer transaction costs on financial liabilities. As a result, the unamortized amount of costs of \$493,919 related to a loan payable (Note 7) have been charged to opening deficit and contributed surplus at March 1, 2007. As a result of these changes, the deficit at March 1, 2007 was increased by \$469,169.

iii) Financial Instruments – Disclosure and Presentation, Section 3861:

This standard sets out standards which address the presentation of financial instruments and non-financial derivatives and identifies the related information that should be disclosed. These standards also revise the requirements for entities to provide accounting policy disclosures, including disclosure of the criteria for designating as held-for-trading those financial assets or liabilities that are not required to be classified as held-for-trading; whether categories of normal purchases and sales of financial assets are accounted for at trade date or settlement date; the accounting policy for transaction costs on financial assets and financial liabilities classified as other than held-for-trading; and provides several new requirements for disclosure about fair value.

The Company has chosen to recognize all transaction costs in the Statements of Operations on financial liabilities that have been designated as other than held for trading.

iv) Hedging, Section 3865:

This standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

v) Accounting Changes, Section 1506:

Section 1506 revised the standards on changes in accounting policy, estimates or errors to require a change in accounting policy to be applied retrospectively (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates to be recorded prospectively, and prior period errors to be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information. In addition, these revised standards call for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact of this new standard cannot be determined until such time as the Company makes a change in accounting policy, other than the changes resulting from the implementation of the new CICA Handbook standards discussed in this note.

1) Recent Released Canadian Accounting Standards

Assessing Going Concern

The Canadian Accountability Standards Board (“AcSB”) AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after

January 1, 2008. The adoption of this Section is not expected to result in any changes on the disclosure within the financial statements.

Cash Distributions

CICA Handbook Section 1540, Cash Flow Statements, has been amended to require additional disclosures where cash distributions are made in accordance with a contractual obligation for cash distributions. The revised requirements are effective for interim and annual financial statements for fiscal years ending on or after March 31, 2007. The adoption of this section is not expected to result in any changes on the disclosure within the financial statements.

Capital Disclosures

The AcSB issued CICA Handbook Section 1535 “Capital Disclosures” The section specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements. This new section relates to disclosures and will not have an impact on the Company’s financial results. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning March 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

International financial reporting standards (“IFRS”)

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines

the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Financial Instruments

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

Financial Instruments and Other Instruments

The carrying value of the Company's financial instruments, consisting of cash, marketable securities, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The carrying value of the loans receivable last year also approximated its fair value. The Company is exposed to fluctuations in foreign currencies through its operations in the United States and Argentina. The Company monitors this exposure, but has no hedge positions.

Share Capital Data

		Number of <u>Shares</u>	<u>Amount</u>
Balance, February 28, 2008		\$ 47,410,208	\$27,183,716
Private placement	-at \$0.30	26,187,410	7,856,223
Less share issue costs		564,750	(952,329)
Debt settlement	- at \$0.70	2,290,597	1,603,418
Escrow cancelled		(35,500)	(37,500)
Balance, February 29, 2008		76,417,465	\$36,606,150

Agent Options:

In connection with a private placement completed in April, 2006, agents were granted an option to acquire 1,000,000 units at \$0.50 per unit up to March 31, 2008. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at \$0.75 per share until March 31, 2008.

Stock-based compensation

The Company may grant share purchase options to directors, officers or employees to acquire shares of the Company. Unless otherwise noted, the share purchase options vest when granted. Share purchase option activities for the period ended February 29, 2008, are summarized as follows:

	Year ended February 29, 2008		Year ended February 28, 2007	
	<u>Shares</u>	Weighted Average Exercise <u>Price</u>	<u>Shares</u>	Weighted Average Exercise <u>Price</u>
Outstanding, beginning of period	3,360,000	\$0.57	12,240,000	\$0.69
Granted	600,000	\$0.40	1,570,000	\$0.45
Exercised	-	-	(890,000)	-
Cancelled	(1,125,000)	\$0.74	(450,000)	\$0.74
Expired	-	-	-	-
Outstanding, end of period	<u>2,835,000</u>	\$0.57	<u>3,360,000</u>	\$0.57
Exercisable, end of period	<u>2,835,000</u>		<u>3,360,000</u>	

Incentive Stock Options

At February 29, 2008 there were 2,835,000 employee and director share purchase options outstanding. Each option entitles the holder thereof the right to purchase one common share as follows:

Number of Options	Exercise Price	Expiry Date
100,000	\$0.45	Sept. 8, 2008
50,000	\$0.80	Nov. 26, 2008
100,000	\$0.50	Oct. 22, 2009
300,000	\$0.75	April 21, 2009
180,000	\$0.85	Aug. 8, 2010
125,000	\$0.75	Aug. 29, 2010
160,000	\$0.75	Nov. 10, 2010
1,220,000	\$0.40	Dec. 15, 2011
<u>600,000</u>	\$0.40	Nov. 5, 2012
2,835,000		

Share Purchase Warrants

Share purchase warrant activities for the period ended February 29, 2008, are summarized as follows:

	Year ended February 29, 2008		Year ended February 28, 2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	15,734,063	\$0.73	3,202,322	\$0.68
Issued	13,376,080	\$0.50	12,780,851	\$0.74
Expired	<u>(2,953,212)</u>	\$0.67	<u>(249,110)</u>	\$0.86
Outstanding, end of year	<u>26,156,931</u>	\$0.62	<u>15,734,063</u>	\$0.74

Purchase Warrants

At February 29, 2008, the Company had 26,156,931 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

Number of Warrants	Exercise Price	Expiry Date
10,000,000	\$0.75	March 31, 2008
278,602	\$0.75	July 13, 2008
700,000	\$0.70	July 20, 2008
1,802,249	\$0.70	August 31, 2008
<u>13,376,080</u>	\$0.50	September 11, 2009
<u>26,156,931</u>		

Subsequent Events

Subsequent to the close of this fiscal year ended February 29, 2008 significant milestones have been achieved. These events will have a significant impact on the future financial conditions of the Company.

On April 1, 2008 Palladon Iron Corporation signed a five-year contract with China Kingdom International (“CKI”) of Beijing, China, and Rhoads, NSW. The contract is to provide run-of-mine ore assaying 55% Fe to CKI for use in steel mills in China. The contract starts at 2M tonnes per year with expansion to 4M tonnes per year once railway capacity is available. In addition, it allows PIC to move from run-of-mine ore to high-grade concentrate once a concentrator is built. The pricing is based on the World Benchmark Price for iron ore and adjusts each year as prices change.

On June 4, 2008, the Company announced that it has reached a definitive agreement, with its joint venture partner, Luxor Capital Partners (“Luxor”), to acquire Luxor’s interest in Palladon Iron Corporation (“PIC”). The transaction will allow the Company to fully consolidate PIC under Palladon’s ownership and provides Palladon shareholders with 100% of the future economics in the Iron Mountain project.

The total purchase price paid to Luxor for their interest was US\$65M. The purchase price is comprised of US\$40M cash to Luxor at closing and a deferred seller payment of US\$25M due to Luxor 12 months after the closing. The deferred payment is fully secured by assets of PIC and will carry a blended interest rate of 11.6% with no prepayment penalty. The long-term loan to Luxor held at February 29, 2008 for \$9.3M was rolled-into the financing at its current rate of interest.

The Company conducted a private placement of up to 85,106,383 units at a price of CDN\$0.705 per unit. Each unit consists of one common share and one quarter (1/4) of one transferrable warrant. Each whole warrant will be exercisable at CDN\$1.00 per warrant share for a period of eighteen (18) months from the closing date. The transaction closed on June 26, 2008.

Share Capital Data

Balance, February 29, 2008		76,417,465	\$35,691,028
For cash:			
Private Placement	-at\$0.705	88,247,054	62,214,173
Exercise of Warrants	-at \$0.50	3,126,000	1,563,000
	-at \$0.70	773,613	541,529
Exercise of Options	-at \$0.40	300,000	120,000
	-at \$0.50	<u>100,000</u>	<u>50,000</u>
Balance, August 20, 2008		<u>168,964,132</u>	<u>\$100,179,730</u>

Incentive Stock Options

At August 20, 2008 there were 2,835,000 employee and director share purchase options outstanding. Each option entitles the holder thereof the right to purchase one common share as follows:

Number of Options	Exercise Price	Expiry Date
100,000	\$0.45	Sept. 9, 2008
50,000	\$0.80	Nov. 26, 2008
100,000	\$0.50	Oct. 22, 2009
300,000	\$0.75	April 21, 2009
180,000	\$0.85	Aug. 8, 2010
125,000	\$0.75	Aug. 29, 2010
160,000	\$0.75	Nov 10,, 2010
1,070,000	\$0.40	Dec. 15, 2011
<u>600,000</u>	\$0.40	Nov. 5, 2012
2,685,000		

Purchase Warrants

At August 20, 2008, the Company had 10,394,580 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

Number of Warrants	Exercise Price	Expiry Date
<u>10,394,580</u>	\$0.50	September 11, 2009
10,394,580		

Approval

The Board of Directors of Palladon has approved the disclosure contained in this MD&A. A copy of this MD&A will be made available to anyone who requests it.

Additional information relating to Palladon Ventures Ltd. is available on the SEDAR website at www.sedar.com.