



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

**For the quarter ending November 30, 2008
Date of report: January 29, 2009**

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 unaudited consolidated financial statements for three-month period ending November 30, 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.

Description of Business

Palladon is in the business of developing mineral resource properties worldwide. The Company holds a 100% interest in the Iron Mountain project under development in Iron County, Utah, through its wholly owned subsidiary Palladon Iron Corporation (“PIC”). The Company holds a 100% interest in a portfolio of five gold exploration properties in Nevada and Utah that are currently under investigation through a joint venture relationship. 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.

Financial Performance

The Company’s net loss from operations for the quarter ending November 30, 2008, was \$3,314,487 or (\$.02) per share compared to a loss of \$1,592,145 or (\$.0113) per share for the previous quarter.

The main contributors to the continued loss during the quarter are increased interest accrued on the Company’s long-term loans, increased travel, costs of initiation of operations at the Iron Mountain site, depreciation of new equipment and increased salaries and administrative costs related to the Iron Mountain project. The Company had net working capital of \$10,830,842 as of November 30, 2008, as compared to working capital of \$13,281,818 as of August 31, 2008.

The ability of the Company to continue as a going concern depends on its ability to develop profitable operations. The Company has been actively working to put its Iron Mountain project into production to generate revenue for the construction of plant facilities and the eventual commercial production of iron ore concentrates.

Results of Operations

Quarter Ended November 30, 2008

The Company continued with the planned expansion of the Iron Mountain property. Expenditures on Iron Mountain during the quarter included additional geologic work, mining services, environmental studies, and engineering services. Costs are closely monitored and variances from budgets are investigated to management’s satisfaction.

Summary of Quarterly Results

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

	2008				2007			2006
	Q3 30-Nov	Q2 31-Aug	Q1 31-May	Q4 29-Feb	Q3 30-Nov	Q2 31-Aug	Q1 31-May	Q4 28-Feb
Total Revenue: \$	(3,314,487)	\$ (1,592,145)	\$ (519,069)	\$ (393,157)	\$ (652,623)	\$ (323,472)	\$ (9,399,643)	\$ (782,184)
Per share \$	(0.02)	\$ (0.113)	\$ (0.01)	\$ (0.01)	\$ (0.009)	\$ (0.01)	\$ (0.21)	\$ (0.02)
Net loss: Total \$	(3,314,487)	\$ (1,592,145)	\$ (519,069)	\$ (393,157)	\$ (652,623)	\$ (323,472)	\$ (9,399,643)	\$ (782,184)

Iron Mountain Project Overview

The Iron Mountain project, located in Iron County, southwestern Utah, was 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”). In June 2008, the Company acquired Luxor’s interest in PIC. The transaction allows 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.

PIC commenced operations at Iron Mountain on September 1, 2008 and started mining to build a 150,000 ton crushed ore stockpile for shipment by rail to a port and then to China. Mining is operating at 5,000 tons per day four days a week. Product mined is moved to the crushing facility, the lean-ore stockpile or the waste dump. Initially PIC will sell run-of-mine ore assaying 55% Fe through a contract secured in April 2008 with China Kingdom International Minerals and Metals Co., Ltd. (CKI) of Beijing China and Rhoads, NSW.

PIC ultimately plans to build an iron ore milling facility (“the plant”) to produce high-grade iron ore concentrates at a rate of 2 million to 4 million tonnes per year. The Plant will consist of a crushing circuit, a grinding circuit with two 15.5’× 23’ steel ball mills, a two-stage magnetic separation circuit, and a loading facility. The plant will be housed in a 100’× 150’ steel-framed building, to be built near Geneva Steel’s historic production facilities adjacent to the railhead at the mouth of the Comstock/Mountain Lion mine on Iron Mountain.

The Iron Mountain project is connected by rail to the Union Pacific Cedar City main line by a 14.6-mile spur line. Safety upgrades have been completed that allow for safe shipment of the iron ore from the mine site to the rail interchange. Additional upgrades will be carried out gradually during over the course of the next two years.

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. Palladon 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. PIC 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 June 18, 2008.

An aeromagnetic survey was completed over the Iron Mountain area to identify potential magnetic anomalies. The results showed that there are significant additional areas of interest and therefore Palladon secured approximately 2,200 additional acres of BLM land through staking. This brings the total acreage under control of Palladon Iron to approximately 8,500 acres. This represents an increase in holdings of 35 percent.

Argentina Exploration

As of the year ended February 29, 2008 these properties were written down to a nominal value with the intention to ultimately sell these properties so that the focus of the Company will be on the Iron Mountain project.

Liquidity

On November 30, 2008, the Company had \$11,325,006 in cash and \$23,041,730 in mineral properties. The Company intends to continue development work in accordance with its planning and agreements.

The Company has net working capital of \$10,830,842 on November 30, 2008. All current obligations are paid in a timely manner. Management, at the date of this report, is confident that sufficient funds will be available to continue with development, construction and production planning to fulfill PIC's run-of-mine ore sales contract.

Capital Resources

The capital resources of the Company include resource properties, valued at \$23,041,730 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 as they become available.

Off-Balance-Sheet Arrangements

There are no current commitments.

Related Party Transactions

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:

	Three Months Ended	
	November 30, <u>2008</u>	November 30, <u>2007</u>
Salaries	\$ <u>71,875</u>	\$ <u>101,112</u>
Total	\$ <u>71,875</u>	\$ <u>101,112</u>

Third Quarter

The Company's loss for this Quarter was \$(3,314,487) due to increased interest accrued on the Luxor loans, costs of operations at the Iron Mountain site, increased salaries and administrative costs related to the increased activities on the Iron Mountain project and depreciation on mining assets placed in service at the beginning of production. The Company is exposed to currency exchange rate risks to the extent of its operations in the United States, but the country is considered a stable environment so the Company does not maintain any hedge positions.

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, from May 2006 until May of 2011, in property expenditures, geological assessment and drilling to further investigate the long-term viability of those properties.

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

Critical Accounting Estimates

A summary of the Company's significant accounting policies may be found in Notes 2 and 3, attached to the Financial Statements for the quarter ending November 30, 2008.

As stated, the Company is required to conform to Canadian generally accepted 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.

Changes in Accounting Policy

There have been no changes in accounting policies for the quarter.

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 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.

Other MD&A Requirements

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

Share Capital Data

Authorized: Unlimited common shares without par value

Issued and outstanding shares: 168,964,132

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 nine months ended November 30, 2008 and the year ended February 29, 2008 are summarized as follows:

	Nine months November 30, 2008		Year ended February 29, 2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	2,835,000	\$0.57	3,360,000	\$0.57
Granted	-		600,00	\$0.40
Exercised	(400,000)	\$0.40	-	-
Cancelled	(30,000)	\$0.85	1,125,000	\$0.74
	(250,000)	\$0.80		
	(335,000)	\$0.75		
	(440,000)	\$0.40		
	(100,000)	\$0.45		
Outstanding, end of period	<u>1,480,000</u>	\$0.51	<u>2,835,000</u>	\$0.57

Exercisable, end of period	<u>1,480,000</u>	<u>2,835,000</u>
----------------------------	------------------	------------------

At November 30, 2008, there were 1,480,000 employee, director and agent's share purchase options outstanding. Each option entitles the holder thereof the right to purchase one common share as follows:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
200,000	\$0.75	April 21, 2010
150,000	\$0.85	August 8, 2010
50,000	\$0.75	August 29, 2010
480,000	\$0.40	December 15, 2011
<u>600,000</u>	\$0.40	November 5, 2012
<u>1,480,000</u>	\$0.51	

Share Purchase Warrants

Share Purchase Warrants

At November 30, the Company had 32,311,819 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
10,250,080	\$0.50	September 11, 2009
<u>22,061,819</u>	\$1.00	December 26, 2009
<u>32,311,819</u>	\$0.84	

Subsequent Events

Subsequent to November 30, 2008:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding, February 29, 2008	2,835,000	\$0.57

Exercised	(400,000)	\$0.40
Cancelled	(30,000)	\$0.85
	(250,000)	\$0.80
	(335,000)	\$0.75
	(740,000)	\$0.40
	(100,000)	\$0.45
Outstanding, January 29, 2009	<u>1,180,000</u>	
Exercisable, January 29, 2009	<u>1,180,000</u>	

At January 29, 2009, there were 1,180,000 employee, director and agent's share purchase options outstanding. Each option entitles the holder thereof the right to purchase one common share as follows:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
200,000	\$0.75	April 21, 2010
150,000	\$0.85	August 8, 2010
50,000	\$0.75	August 29, 2010
330,000	\$0.40	December 15, 2011
<u>450,000</u>	\$0.40	November 5, 2012
<u>1,180,000</u>		

Subsequent to the close of this quarter ended November 30, 2008, certain events occurred that will have a significant impact on the future financial condition of the Company.

Palladon Iron is contracted with a geophysicist to model high resolution aeromagnetic data acquired during the recent airborne magnetic survey. The survey was conducted this fall over an area of approximately 24 square miles at Palladon's Iron Mountain property in southern Utah. The data defined several pronounced, high relief magnetic anomalies, which led to the acquisition of new property that was recently announced by the Company. Preliminary 3-D modeling by PIC's geological staff has produced a magnetic relief model of the entire Iron Mountain district, but more detailed modeling will be required to better define the total size of the resource.

Phase 1 of the modeling project will estimate the total iron resource of the Iron Mountain district at various cut-off grades. This estimate will be based on data acquired by the survey that was flown on a 200 x 200-meter grid over the entire district. All the deposits in the Iron Mountain district are primarily magnetite in composition and each produces a highly anomalous magnetic response based on the thickness and grade of the magnetite in the deposit. Based on historic drill hole data, known iron deposits range from 60 to 1,000 feet thick.

Phase 2 of the modeling project will compare data for known iron deposits with magnetic anomalies yet to be explored. The aeromagnetic data for the known deposits will be factored by an extensive drill hole database on which historic resource estimates are based. The geological staff will utilize the results of the modeling project to formulate drill plans that will better define the iron resources. This will allow us to upgrade the historic resources into reserves and make the entire project NI43-101 compliant.

PIC acquired an additional 1,184 acres of mineral rights in the central region of Iron Mountain at its iron project. These rights were obtained from The State of Utah School and Trust Lands Administration and include all the rights to iron and other minerals. These properties were identified in the recent and previous magnetic survey conducted in the Iron Mountain district. The new property expands PIC's land position to approximately 9,700 acres of net mineral and surface acres of mining property.

Disclosure Controls and Procedures

In accordance with National Instrument 52-109 respecting certification of disclosure in issuers' annual and interim filings, the Chief Executive Officer and the Chief Financial Officer") have evaluated the effectiveness of the Company's disclosure controls and procedures for the quarter ended November 30, 2008. Management has concluded that the Company's disclosure controls and procedures provide reasonable assurance that (i) information required to be disclosed by the Company in its annual filings, interim filings or any other report filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information required to be disclosed in the foregoing filings or reports is accumulated and communicated to the Company's management, including its Chief Executive Officer and the Chief Financial Officer to allow timely decisions regarding required disclosure.

Additional Disclosure

Additional disclosure relating to the Company's general and administrative expenses and resource property costs is provided in the Company's Consolidated Statement of Operations 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