

LYNDEN ENERGY CORP.

Management Discussion and Analysis

For the Year Ended June 30, 2009

The following discussion and analysis of the consolidated results of operations and financial condition (“**MD&A**”) for Lynden Energy Corp. (the “**Company**”) should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2009 and related notes thereto. The financial information in this MD&A is derived from the Company’s audited consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles. References in this MD&A to the Company include its subsidiaries. The effective date of this MD&A is October 26, 2009.

For the purposes of this MD&A, the following terms are defined as follows:

Fiscal 2009	Year ended June 30, 2009
Fiscal 2008	Year ended June 30, 2008
Q1/2009	Three months ended September 30, 2008
Q2/2009	Three months ended December 31, 2008
Q3/2009	Three months ended March 31, 2009
Q4/2009	Three months ended June 30, 2009

This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

All monetary transactions are expressed in Canadian dollars unless otherwise stated.

Description of Business

The Company is in the business of acquiring, exploring and developing petroleum and natural gas rights and properties. The Company has various working interests in the Paradox Basin Project, located in the State of Utah, USA and has recently acquired various interests in a project in the Permian Basin in West Texas, USA, referred to as the Wolfberry Project. The Company’s focus is its Paradox Basin and Wolfberry projects. There are no other operating segments.

The Company is a reporting issuer in British Columbia, Ontario and Alberta and its shares are listed on the TSX Venture Exchange under the symbol LVL.

The Company’s general and administrative expenditures are related to the level of financing and exploration and development activities that are being conducted, which may in turn depend on the Company’s recent exploration and development activities and prospects, as well as general market conditions relating to the availability of funding for early stage exploration and development natural resource companies. As a result, the Company does not acquire properties or conduct exploration and development work on its properties on a pre-determined basis. Thus, there may not be predictable or observable trends in the Company’s business activities and comparisons of financial operating results with prior years may not be meaningful.

Risks and Uncertainties

The Company’s principal activity of petroleum and natural gas exploration and development is considered to be inherently risky. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity price, political and economic, with some of the most significant risks being:

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1. Substantial expenditures are required to explore for petroleum and natural gas reserves and there is no assurance that the Company will discover economic reserves;
2. The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them;
3. Although the Company has taken steps to verify title to the petroleum and natural gas properties it has an interest in or is earning into, there is no guarantee that the property will not be subject to title disputes or undetected defects;
4. The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company's exploration and development activities are conducted by partners and/or operators who are in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its properties that may cause material liability to the Company; and
5. During the latter half of 2008 and first half of 2009, the global economy experienced a significant downturn which has negatively impacted petroleum and natural gas prices and credit availability which in turn has significantly reduced valuations of most companies in the petroleum and natural gas sector. As such, the markets where the Company has traditionally raised equity capital have been significantly curtailed. As such, it will most likely be more difficult and costly, in terms of dilution, to raise equity capital over the short and medium term.

Petroleum and Natural Gas Projects

Paradox Basin, Utah

The Paradox Basin Project includes two contiguous petroleum and natural gas prospect areas totaling 1,525,000 acres. The 900,000 acre Northern Prospect Area includes leases covering in excess of 100,000 acres. The Company has a 55% before payout working interest (41.25% after payout working interest) in an 80% net revenue interest in the Northern Prospect Area. The 625,000 acre Southern Prospect Area includes leases covering in excess of 10,000 acres. The Company has a 25% before payout working interest (23.75% after payout working interest) in an 85% to 87% net revenue interest in the Southern Prospect Area.

The operator, CrownQuest Operating LLC ("CrownQuest") of Midland, Texas, is targeting gas production from dark, organic shales (Gothic and Hovenweep), as well as multiple conventional zones of the Paradox Formation. The operator's exploitation program to date has been based on commingling production from multiple zones, a practice successfully pursued by other operators in the Basin.

The Paradox Basin, located primarily in southeast Utah and southwest Colorado, is a significant petroleum and natural gas producing basin in the continental United States. Well-known large fields in the Paradox Basin include, among others, the Greater Aneth, Andy's Mesa and Lisbon. The majority of historical exploration and production from the basin has involved oil production from algal mounds. New exploration models, based primarily on the commingling of multiple, previously bypassed, gas zones were applied to the basin on a larger scale beginning in 2004. More recently, exploitation of gas bearing shale zones through horizontal wells has begun.

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The Company's interest in the Paradox Basin Project is held through its wholly owned subsidiary, Lynden USA Inc. The Company's interest in the gas gathering system, including approximately 25 miles of pipeline, is held through its 47.99% interest in Abajo Gas Transmission Company, LLC ("Abajo"). Through its interest in Abajo, the Company is entitled to an effective 55% interest in the Northern Prospect Area gathering system and a 25% effective interest in the Southern Prospect Area gathering system.

In the Northern Prospect Area there are five wells (S.P. Meyer #1, Raider #1-17, Anteater #1-21X, Chanticleer #1-32 and Explorer #1-16) that are tied into sales. In the Southern Prospect Area there are four wells (Tank Canyon #1-19, Bradford Canyon #1-10, Spur #1-34 and Montezuma #2X) that have been tied into sales.

During Fiscal 2009, the Company received \$1,115,666 (2008 - \$860,193) in petroleum and natural gas ("P&NG") sales, incurred royalties of \$209,898 (2008 - \$149,365), incurred transportation and marketing costs of \$85,984 (2008 - \$82,626), and incurred production taxes of \$15,224 (2008 - \$Nil). The transportation and marketing costs were paid to Abajo at market rates. The majority of the P&NG sales were from the sale of natural gas. Each of the wells contributed to the sales during Fiscal 2009. However, the S.P. Meyer and the Tank Canyon wells were the primary contributors to sales while the other wells contributed to sales intermittently.

Based on an interpretation of the information available as at the date of the preparation of the financial statements for Fiscal 2009, Management has determined that the Paradox Basin Project is still in the pre-production stage. Accordingly, the \$804,560 (2008 - \$628,202) of net P&NG revenues (revenues less royalties, transportation and marketing costs, and production taxes) received during Fiscal 2009 were credited to property and equipment.

During Fiscal 2009, the Company incurred approximately \$3,606,778 of direct expenditures on the Paradox Basin Project, of which approximately \$3,380,272 was spent in the Northern Prospect Area and approximately \$226,506 was spent in the Southern Prospect Area.

Efforts during Fiscal 2009 have been focused on completion work on the Anteater #1-21X, Chanticleer #1-32, Explorer #1-16 and Raider #1-17. The pace of work, and consequently expenditures, decreased in the months of November, December and January primarily as a result of operations being scheduled in an effort to avoid the worst periods of winter weather. There remain several up-hole zones of the Paradox Formation stratigraphic sequence not yet completed in the Northern Prospect new wells; however, due to the significant decrease in the prices of petroleum and natural gas and turmoil in global financial markets during Fiscal 2009, this work was suspended.

During Fiscal 2009, the operator has purchased, re-processed and interpreted additional seismic data and undertook other efforts to better understand the geology, structural setting and depositional model. A permit had been received to convert the first Paradox Basin Project Northern Prospect Area re-entry well, the Jefferson State #4-1, into a salt water disposal well, however it is now expected that the well will be plugged and abandoned.

In addition to evaluation of conventional up-hole zones, efforts have also been expended to advance the development of the two prospective shale zones that have been previously tested in vertical wells. Based on encouraging results reported by Bill Barrett Corporation, a senior Rocky Mountain producer operating nearby, it is anticipated that the next step in the evaluation

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of these shales, which are interpreted to be regionally extensive, is to test their productive potential in horizontal wells. The cost of this next stage of work on the shales has not been established; however, the operator, the Company and the other working interest partners are exploring the potential of seeking additional financial and / or technical partners to most effectively advance this opportunity.

As a result of the dramatic decrease in the price of natural gas, subsequent to Fiscal 2009, the operator adopted a production program of periodically shutting-in and then producing many of the Paradox Basin Project wells with the objective of reducing overall operating costs. In general, the wells are shut-in for one week and then produced for a week, resulting in a decrease in the amount of natural gas produced and consequently in gross sales, which are directly related to the price of natural gas and the amount produced. This production program results in a decrease in the amount of labour required and in the amount of water produced per mcf, both significant operating costs.

Wolfberry Project

On September 28, 2009, the Company reported that its subsidiary, Lynden USA Inc., had entered into a Participation Agreement to acquire an interest in oil and gas leases covering approximately 13,300 gross acres in Glasscock, Howard, Martin, Midland and Sterling counties in West Texas, USA.

The leases are contained within five prospect areas around which five areas of mutual interest ('AMI') have been established.

Prospect Name	County	Gross Acres	Net Acres	Size of AMI Acres	Lynden's Net Interest
Wind Farms	Glasscock	2,240	2,000	17,280	43.75%
Tubb	Howard	6,860	6,494	19,840	21.875%
West Martin	Martin	1,550	1,303	184,320	43.75%
Miller Trust	Midland	640	640	640	43.75%
Sugg Ranch	Sterling	2,026	1,626	92,160	33.85% to 43.75%

The Company will receive 43.75% of the vendor's interest in the leases relating to wells drilled after the date of the Participation Agreement on the vendor's existing acreage and within the areas of mutual interest, by paying 50% of the drilling and completion costs attributable to the vendor's interest. The Company will also pay for the first US\$2,000,000 spent in connection with any new leases or extensions of existing leases on lands located within the AMIs, of which the Company will spend at least US\$666,666.67 each year for the first three years.

West Texas has experienced a resurgence in oil-focused exploration and development activity as a result of new completion methods being applied to an unconventional rock package from the Permian Basin, historically one of the most prolific oil basins in North America. The primary objectives target oil (and gas) production from the Spraberry and Wolfcamp formations, which are Permian in age and are informally grouped to form the "Wolfberry" interval or zone. Completions are anticipated over a 2,500 to 3,000 foot gross interval generally located between 7,000 and 10,000 feet, measured depth. In addition to this main objective, other conventional and unconventional productive zones occur both above and below the main Wolfberry

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assemblage.

CrownQuest, the operator of the prospects, is based in Midland, Texas and has extensive knowledge and experience in operating in West Texas. In the last two years, the operator has drilled or participated in over 40 new wells where new completion techniques have been successfully applied in areas adjacent, or in proximity, to the AMIs established under the Participation Agreement.

In the near term the Company anticipates drilling three wells on its West Texas Project at an estimated cost of \$2,500,000.

Results of Operations

The Company reported a loss of \$1,198,691 (2008 - \$3,052,556) and a loss per share of \$0.02 (2008 - \$0.06) for the year ended June 30, 2009. The large decrease in loss is primarily due to the Company not incurring any stock-based compensation and not incurring any write-downs during Fiscal 2009.

General and Administrative

Differences in general and administrative expenses during Fiscal 2009 compared to Fiscal 2008 included:

- Administrative fees increased by \$21,000 in Fiscal 2009 because of an increase in the complexity of the Company's business. The fees comprise accounting, secretarial and general administrative services.
- Of the \$423,902 (2008 - \$118,975) in consulting fees incurred during Fiscal 2009, \$384,513 (2008 - \$25,282) was paid to the Chairman of the Board of Directors. The fees paid to the Chairman relate to the finalization of a consulting contract in December 2008, for the period from his appointment in April 2008. The consulting fees also include a bonus in the amount of USD \$70,000 for the agreement year ending December 31, 2008. The Chairman is currently paid USD \$15,000 per month.
- Foreign currency translation relates to the impact of fluctuations in the Canadian/US Dollar exchange rates on USD denominated purchases as well as cash held in USD. For Fiscal 2009, the majority of the \$61,193 foreign currency loss relates to losses incurred on USD denominated purchases during a period where the US Dollar was increasing in value against the Canadian Dollar. For Fiscal 2008, the majority of the \$41,139 foreign currency loss relates to losses on the translation of the USD property and equipment, the USD Abajo investment and losses on cash held in USD as a result of the increasing value of the Canadian Dollar against the USD.
- Professional fees include audit and accounting of \$77,533 (2008 - \$60,796) and legal of \$14,933 (2008 - \$19,457). Audit and accounting has increased due to the increasing complexity and size of the Company's business both in terms of audit and tax compliance.
- Promotion increased by \$14,253 during Fiscal 2009 because the Company incurred approximately \$21,000 for the professionally designed 2008 annual report. During Q3/2009, the Company moved into new office premises where it will be paying rent of \$1,000 per month on a month-by-month basis.
- The Company uses the fair value based method of accounting for all stock-based awards. As a result, every time the Company grants or amends stock options, a charge to operations and a corresponding credit to shareholders' equity must be made. The Company calculates

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the compensation cost by using the Black-Scholes option pricing model. The Company granted Nil (2008 – 2,305,000) stock options in Fiscal 2009 resulting in compensation expense of \$Nil (2008 – \$2,327,727).

- The Company incurred travel costs of \$27,851 (2008 - \$90,928) during Fiscal 2009. Travel has decreased primarily as a result of the Company not undertaking any financing activities in Fiscal 2009.

Other Items

- The Company has earned interest income as a result of investing cash on hand in guaranteed investment certificates and from cash deposits. The Company earned \$169,274 (2008 - \$275,322) of interest during Fiscal 2009. The Company had more cash on hand during Fiscal 2008 which resulted in higher interest income. Interest rates have also fallen dramatically over the past twelve months which has also contributed to lower interest income.
- As at June 30, 2009 and 2008, the Company has a 47.99% interest in Abajo. The Company accounts for this investment using the equity method. The Company's share of Abajo's loss was \$438,623 (2008 - \$54,574) for Fiscal 2009. The loss incurred for Fiscal 2008 was considerably less than Fiscal 2009 as Abajo was just commencing operations in Q3/2008.
- During the year ended June 30, 2009, the Company wrote off the \$99,373 of deferred financing costs as a result of the amount of elapsed time since the costs were incurred. Management believes that there remains a reasonable likelihood that the Company will receive future benefit from these costs, although the timing remains uncertain.

Fourth Quarter Operations

During Q4/2009, the Company incurred a loss of \$331,971 (Q4/2008 - \$1,338,846). Larger expenses incurred and significant discrepancies between Q4/2009 and Q4/2008 are as follows:

- The Company granted Nil (2008 – 875,000) stock options which resulted in \$Nil (2008 - \$948,752) of compensation expense.
- The Company wrote down the carrying value of its Bittern Lake property by \$Nil (2008 - \$428,129).
- The Company wrote off deferred financing costs of \$99,373 (2008 - \$Nil).

Financial Condition, Liquidity and Capital Resources

As at June 30, 2009, the Company had working capital of \$4,744,001 compared to working capital of \$8,297,561 as at June 30, 2008, a decrease in working capital of \$3,553,560.

Major sources of cash during Fiscal 2009 were 1) exercise of 12,500 warrants into 12,500 common shares for proceeds of \$15,625; 2) interest income of \$169,274; and 3) the receipt of petroleum and natural gas sales of \$804,560 net of royalties, transportation and marketing costs, and production taxes.

Major uses of cash during Fiscal 2009 were 1) \$2,912,026 of exploration, development and land acquisition costs; and 2) \$766,030 of general and administrative expenditures.

It is expected that current working capital will be principally used for the advancement of the Paradox Basin and West Texas Projects. In the near term the Company anticipates drilling three

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wells on its West Texas Project at an estimated cost of \$2,500,000, which work will be financed out of existing working capital. The next phase of work on the Paradox Basin Project has not been determined at this time (see discussion of Paradox Basin Project above). However, the Company will likely seek additional funding in calendar 2009, or the first half of calendar 2010, in order to fund additional growth and to fund general and administrative expenses.

During Q3/2009, the exercise period on substantially all of the outstanding share purchase warrants were extended by two years, as summarized below under the heading Outstanding Share Data. As these warrants were non-compensatory in nature, there was no effect on the Company's financial statements.

Financial Instruments

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The credit risk on cash is small because the counterparties are highly rated banks. The majority of the Company's receivables is with customers in the petroleum and natural gas industry and is subject to normal industry credit risks. The Company generally extends unsecured credit to these customers and therefore the collection of accounts receivable may be affected by changes in economic or other conditions. The Company believes the risk is mitigated by the size and reputation of the companies to which they extend credit. The Company has not experienced any material credit loss in the collection of accounts receivable to date.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.

The Company has not hedged any of its petroleum and natural gas sales.

Off-Balance Sheet Arrangements

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

Selected Annual Information

The following selected financial data has been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's audited financial statements. All dollar amounts are in Canadian dollars.

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For the Years Ended June 30	2009	2008	2007
Financial Results			
Loss	\$ 1,198,691	\$ 3,052,556	\$ 3,732,162
Basic and diluted loss per common share	\$ (0.02)	\$ (0.06)	\$ (0.16)
Financial Position			
Working capital	\$ 4,744,001	\$ 8,297,561	\$ 2,873,709
Total assets	\$ 37,111,030	\$ 38,725,603	\$ 13,275,234
Shareholders' equity	\$ 36,758,879	\$ 37,961,920	\$ 12,744,893

The most significant component of the losses reported for 2008 and 2007 is stock-based compensation of \$2,327,727 and \$1,184,499 respectively from the granting of stock options. Also, the Company wrote-down its Bittern Lake property by \$428,129 and \$2,326,759 in 2008 and 2007 respectively. There were no stock options granted and no write-downs in 2009. The Company has incurred approximately \$800,000, \$500,000 and \$220,000 in general and administrative expenditures in 2009, 2008 and 2007 respectively. The steady increase in general and administrative expenditures is a direct reflection of the increase in the complexity of the Company's business operations. The Company's working capital, total assets and shareholders' equity decreased in 2009 as the Company did not complete any equity financings and has been using the cash raised in 2008 to fund its petroleum and natural gas exploration projects.

Summary of Quarterly Information

The following selected financial data has been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's audited financial statements. All dollar amounts are in Canadian dollars.

Fiscal Quarter Ended	Interest Income	Earnings/ (Loss)	Basic & Diluted Earnings/ (Loss)/Share
June 30, 2009	\$ 30,895	\$ (331,971)	\$ -
March 31, 2009	\$ 35,573	\$ (261,126)	\$ -
December 31, 2008	\$ 44,262	\$ (511,804)	\$ (0.01)
September 30, 2008	\$ 58,544	\$ (93,790)	\$ -
June 30, 2008	\$ 44,358	\$ (1,288,121)	\$ (0.02)
March 31, 2008	\$ 58,261	\$ 31,111	\$ -
December 31, 2007	\$ 76,920	\$ (965,788)	\$ (0.02)
September 30, 2007	\$ 95,783	\$ (829,758)	\$ (0.02)

The quarterly earnings/losses vary considerably mainly due to foreign currency fluctuations, granting of stock options and write-down of petroleum and natural gas property interests. The Company's general and administrative expenditures generally fluctuate with the level of activity on its projects and/or financing activities that are being undertaken. The majority of the loss for the six months ended June 30, 2008 relates to stock-based compensation of \$948,742 pursuant to the granting of stock options and the write-down of the Bittern Lake property of \$428,129. The majority of the loss for the three months ended December 31, 2007 and September 30, 2007 relates to stock-

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based compensation of \$586,172 and \$792,803 respectively pursuant to the granting of stock options. The Company's interest income increased considerably beginning in Q1/2008 due to closing five private placements and having cash on hand to invest in guaranteed investment certificates. The amount of interest decreased with time as the Company expended funds on its Paradox Basin Project and general and administrative expenditures and as a result of decreasing interest rates.

Related Party Transactions

During Fiscal 2009, administrative fees of \$119,000 (2008 - \$98,000) were paid or accrued to a company owned by Mr. Colin Watt, the Company's President, CEO and a director. Mr. Watt's company provides the services of several employees that provide accounting, secretarial and administrative services to the Company.

During Fiscal 2009, legal fees of \$14,318 (2008 - \$51,412) were paid or accrued to a legal firm in which Mr. Ron Paton, a director of the Company, is an associate counsel. Of this amount, \$14,318 (2008 - \$18,040) was charged to legal fees and \$Nil (2008 - \$33,372) was charged to share capital as share issuance costs.

During Fiscal 2009, consulting fees of \$7,364 (2008 - \$8,960) were paid or accrued to a company owned by Dr. Robert Bereskin, a director of the Company. Of this amount, \$4,390 (2008 - \$2,087) was charged to consulting fees and \$2,974 (2008 - \$6,873) was charged to property, plant and equipment as consulting fees.

During Fiscal 2009, consulting fees of \$Nil (2008 - \$2,749) were paid or accrued to a company owned by Dr. John McLennan, a director of the Company. Of this amount, \$Nil (2008 - \$305) was charged to consulting fees and \$Nil (2008 - \$2,444) was charged to property, plant and equipment as consulting fees.

During Fiscal 2009, consulting fees of \$384,513 (2008 - \$25,282) were paid or accrued to Mr. Richard Andrews, a director and Chairman of the Board of Directors of the Company.

Outstanding Share Data

As at October 26, 2009, the Company had the following securities issued and outstanding:

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	Number	Exercise Price	Expiry Date
Common shares	57,972,251	n/a	n/a
Warrants	11,250	\$2.00	June 11, 2010
Warrants ¹	6,237,500	\$1.25	July 9, 2011
Warrants ^{1,2}	3,260,976	\$1.25	July 12, 2011
Warrants ¹	2,048,700	\$1.50	September 21, 2011
Warrants ¹	224,050	\$1.50	October 12, 2011
Warrants ¹	2,500,000	\$1.25	April 15, 2012
Warrants ¹	2,775,000	\$2.00	June 11, 2012
Stock options	400,000	\$0.51	July 21, 2010
Stock options	450,000	\$0.75	August 7, 2010
Stock options	9,000	\$0.75	September 1, 2010
Stock options	1,532,500	\$1.00	June 5, 2012
Stock options	790,000	\$1.30	July 22, 2012
Stock options	640,000	\$1.30	October 14, 2012
Stock options	865,000	\$1.40	April 27, 2013
Stock options	1,110,000	\$0.30	October 7, 2014
Fully Diluted	80,826,227		

¹ These warrants were extended an additional two years from their original expiry dates.

² If the daily trading price of the Company's common shares is at least \$2.50 on 20 consecutive days, the warrants will be deemed to be exercised on the 20th day, subject to receipt of required regulatory approvals, if any.

Changes in Accounting Policies

Effective July 1, 2008, the Company adopted the CICA Handbook Section 1535 "*Capital Disclosures*" ("HB 1535"). The objective of this new standard is to disclose information concerning the Company's capital and how it is managed. The adoption of this standard had no effect on the Company's financial position, operations or cash flows.

Effective July 1, 2008, the Company adopted the CICA Handbook Sections 3862 "*Financial Instruments – Disclosures*" ("HB 3862") and 3863 "*Financial Instruments – Presentation*" ("HB 3863"). The objective of these new standards is to provide more information for users of the Company's financial statements to understand the significance of financial instruments to the Company's financial position, performance and cash flows. These new standards will supersede HB 3861 "*Financial Instruments – Disclosure and Presentation*". The adoption of these standards had no impact on the Company's financial position, operations or cash flows.

Effective July 1, 2008, the Company will adopt the CICA Handbook Section 1400 "*General Standards of Financial Statement Presentation*" ("HB 1400"). The objective of this standard is to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. This new standard has not impacted the Company's financial position, operations or cash flows.

Effective July 1, 2008, the Company will adopt the CICA Handbook Section 3064 "*Goodwill and Intangible Assets*" ("HB 3064"). HB 3064 replaces CICA Handbook Section 3062 "*Goodwill and Other Intangible Assets*" ("HB 3062") and CICA Handbook Section 3450 "*Research and Development Costs*". HB 3064 establishes standards for the recognition, measurement,

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presentation and disclosure of goodwill and intangible assets subsequent to initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous HB 3062. This new standard has not impacted the Company's financial position, operations or cash flows.

Recent Accounting Pronouncements

In January 2009, the CICA issued Section 1582 "*Business Combinations*", Section 1601 "*Consolidated Financial Statements*" and Section 1602 "*Non-controlling Interests*" which replace Section 1581 "*Business Combinations*" and Section 1600 "*Consolidated Financial Statements*". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("**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 International Financial Reporting Standards ("**IFRS**") over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly accountable companies to use IFRS, replacing Canada's own GAAP. The changeover date applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. For the Company, the transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 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.

Directors and Officers

Richard Andrews	Director, Chairman
Colin Watt	Director, President, CEO and Secretary
Robert Bereskin	Director
Ron Paton	Director
John McLennan	Director
Laurie Sadler	CFO

Additional Information

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.lyndenenergy.com or by visiting SEDAR at www.sedar.com.