

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

The following discussion and analysis of the consolidated results of operations and financial condition (“**MD&A**”) for Lynden Energy Corp. (formerly Lynden Ventures Ltd.) (the “**Company**”) should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2008 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 23, 2008.

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

Fiscal 2008	Year ended June 30, 2008
Fiscal 2007	Year ended June 30, 2007
Q1/2008	Three months ended September 30, 2007
Q2/2008	Three months ended December 31, 2007
Q3/2008	Three months ended March 31, 2008
Q4/2008	Three months ended June 30, 2008

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 a working interest in the Bittern Lake Project, located in the Province of Alberta, Canada. 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.

On January 17, 2008, the Company changed its name to Lynden Energy Corp. in order to better reflect the nature of its ongoing business.

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

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

kinds of risks, including but not limited to, environmental, commodity price, political and economic, with some of the most significant risks being:

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; and
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.

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 15,000 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, a middle tier Texas-based petroleum and natural gas company, is targeting gas production from dark, organic shales and from and other Paradox Basin reservoirs. The operator's exploitation program is 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.

Other major players within and adjacent to the Paradox Basin Project prospect area include Encana, Cabot Oil and Gas, and Bill Barrett Corporation / The Williams Companies.

During Fiscal 2008 the Company continued to expand its Paradox Basin Project. Approximately \$20,900,000 was spent, made up of 1) the US Dollar ("USD") \$5 million acquisition of the Southern Prospect Area, 2) capital contributions in Abajo of USD\$5,135,000, and 3)

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

approximately \$10,500,000 of direct expenditures on the project. Of the \$10,500,000 of direct expenditures, approximately \$6,500,000 was spent in the Northern Prospect Area and approximately \$4,000,000 was spent in the Southern Prospect Area.

In Q2/2008, the Company completed the acquisition of a 25% before payout working interest (23.75% after payout working interest) in the Southern Prospect Area from a company associated with the operator of the Paradox Basin Project by paying USD \$5 million. Included in the acquisition were three recently re-entered wells (Tank Canyon #1-19, Bradford Canyon #1-10 and Montezuma #1) where the operator performed completions similar to those carried out in the Northern Prospect Area. The acquisition also provided the Company exposure to leases covering 15,000 acres and the establishment of a second large area of mutual interest where knowledge obtained during the course of the Paradox Basin Project operations might be leveraged in the future.

In Q2/2008, the Company participated in the formation of a Utah, USA based natural gas transmission company, Abajo Gas Transmission Company, LLC (“**Abajo**”) along with its Paradox Basin partners. Abajo holds ownership of the gas gathering systems in the Northern and Southern Prospect Areas of the Paradox Basin Project. Through its interest in Abajo, the Company is entitled to 55% of the revenues and expenses attributable to the construction, operation, maintenance and expansion of the gas gathering system in the Northern Prospect Area and 25% of the revenues and expenses attributable to the construction, operation, maintenance and expansion of the gas gathering system in the Southern Prospect Area. Both pipelines were designed to accommodate additional future wells beyond the previously shut-in wells. When construction began, the pipelines were laid out as central trunk lines such that ties to new wells could be easily accomplished.

In Q2/2008, the Company made an initial capital contribution of USD\$2,935,000 for a 43.806% interest in Abajo. The Company’s initial interest and capital contribution in Abajo was calculated based on the expected relative costs of construction of the each of the Southern and Northern Prospect Area pipelines. In Q4/2008, the Company made an additional capital contribution in the amount of USD\$2,200,000 resulting in an interest in Abajo of 47.99%. The additional capital contribution was necessary as a result of higher than expected costs for the construction of the Northern Prospect Area pipeline. The costs of the pipeline increased primarily due to slower than expected construction as a result of bedrock problems and of severe winter conditions. The cost of the pipeline also increased as a result of an increase in the length (from 15 miles to 21 miles) and specifications of the pipeline in order to receive all of the necessary stakeholder approvals.

In October 2007, a five new well program was initiated to build upon the successes and knowledge obtained in the two Northern Prospect re-entry wells (S.P. Meyer #1 and Jefferson State #4-1) and the three Southern Prospect re-entry wells. The new wells would also provide an opportunity to run modern downhole logs and to obtain sidewall core samples which can assist in the identification of potentially productive zones, the design of completion methods, and in the overall understanding of the depositional model.

One Southern Prospect new well was drilled, the Montezuma #2X, which reached target depth in November 2007. The Montezuma #2X is a twin of an historical well, the Montezuma #1, that had been re-entered by the operator in early 2007. After completing multiple zones in the Montezuma #1 and encountering significant gas, a mechanical problem prevented sustained production. Numerous completions have now been carried out on the Montezuma #2X, however, to date, the promising results observed in the Montezuma #1 have not been

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

replicated. The time and cost to drill the Montezuma #2X was greater than expected, again due to severe winter conditions, but also due to slower than expected drilling from the approved contractor. During Fiscal 2008, the operator also tested, through the re-entry of the Montezuma #1, an up-hole zone identified in the logging of the Montezuma #2X. Results from this zone did not merit the tie-in of the Montezuma #1.

In Fiscal 2008, the operator also completed the re-entry of a Southern Prospect Area well (Spur #1-34) originally drilled in the 1980's. Numerous zones were tested and the well was tied in January 2008 and has produced low volumes on a sustained basis.

Three of the four new Northern Prospect Area wells, the Anteater State #1-21X, the Explorer State #1-16 and the Chanticleer #1-32, were drilled in an interpreted core area likely possessing geological and structural similarities with the SP Meyer #1 well. The Anteater State #1-21X is approximately 1.3 miles to the northeast, the Explorer State #1-16 is approximately 5.1 miles northwest, and the Chanticleer 1-32 is approximately 0.5 miles to the southeast of the S.P. Meyer #1. The time and cost to drill the three wells was greater than expected for the same reasons described above.

Initial completion of the Anteater State #1-21X, the Explorer State #1-16 and the Chanticleer #1-32 wells began in late April / early May in order to coincide with the completion of the Northern Prospect Area pipeline, which was completed in late April. The lowermost of the two targeted shale zones and several uphole conventional Pennsylvanian zones have been fracture stimulated and completed in each of the wells. In addition to the S.P. Meyer #1 which has produced from up-hole Pennsylvanian horizons on a sustained basis since being tied-in, the Anteater State #1-21X, the Explorer State #1-16 and the Chanticleer #1-32 have been tied into the Northern Prospect Area pipeline and have produced intermittently during the course of the ongoing completion program.

Drilling of the Northern Prospect Area Raider #1-17 exploratory well, located approximately 9.8 miles north-west of the S.P. Meyer #1, was completed in early May. The Raider #1-17, which is proximal to two 1950's wells that encountered significant gas, has the potential of opening up an additional area of focus in the Northern Prospect Area. Both targeted shale zones have been fracture stimulated and completed in the Raider #1-17, which has been tied into the Northern Prospect Area pipeline and has produced on sustained basis.

The ongoing completion program is expected to continue through Q1/2009 and Q2/2009. The primary focus of the ongoing program will be to test up-hole zones of the Paradox Formation stratigraphic sequence not yet completed in the Northern Prospect new wells. The operator will also be purchasing, re-processing and interpreting additional seismic data and undertaking other efforts to better understand the geology, structural setting and depositional model. It is expected that results from these efforts will allow for the design of a new drilling program to commence in the spring of 2009. The operator will also undertake operations to optimize production from all of the wells.

During Fiscal 2008, the Company received \$860,193 (2007 - \$Nil) in petroleum and natural gas ("P&NG") sales, incurred royalties of \$149,365 (2007 - \$Nil), and incurred transportation and marketing costs of \$82,626 (2007 - \$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.

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

Each of the wells tied into the pipeline contributed to the sales during Fiscal 2008. 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 2008, Management has determined that the Paradox Basin Project is still in the pre-production stage. Accordingly, the \$400,498 of net P&NG revenues (revenues less royalties and transportation and marketing costs) received during Q4/2008 were credited to property and equipment. The determination that the project is in the pre-production stage is in contrast to the determination made in the reporting of Q1/2008, Q2/2008 and Q3/2008 where the net P&NG revenues totaling \$227,704 were reported as income. This change will result in the Q1/2008, Q2/2008 and Q3/2008 financial statements being revised at the time of filing the Q1/2009, Q2/2009 and Q3/2009 financial statements to show the net P&NG revenues credited to property and equipment.

Bittern Lake, Alberta

The Company has an agreement with Canadian Spirit Resources Inc. (“**CSRI**”) under which the Company and CSRI have agreed to acquire, explore and develop petroleum and natural gas rights in central Alberta. During the year ended June 30, 2006, the Company earned a 50% working interest in the Bittern Lake Project by incurring expenditures of \$2.5 million.

The joint venture lands are comprised of three sections (1,920 hectares) of land in the form of petroleum and natural gas leases in the Bittern Lake area of Alberta. In late September and early October 2005, CSRI drilled and completed one Horseshoe Canyon well. Based on the completion results of the first well, CSRI drilled three additional wells on the same section. After initial positive indications from the first completed well, formation water increased and the well was shut in. A second well was completed in February 2006 to further evaluate this play and was also subsequently shut in.

On May 1, 2008, the Company sold petroleum and natural gas rights in certain formations in one section and the four standing Horseshoe Canyon wells for \$25,467 in cash and a 2.5% overriding royalty on the rights sold. As at June 30, 2008, the Company wrote-down the carrying value of the property to \$1.

Results of Operations

The Company reported a loss of \$3,052,556 (2007 - \$3,732,162) and a loss per share of \$0.06 (2007 - \$0.16) for the year ended June 30, 2008. The largest components of the loss were stock-based compensation of \$2,327,727 (2007 - \$1,184,499) and write-down of property of \$428,129 (2007 - \$2,326,759).

General and Administrative

Differences in general and administrative expenses during Fiscal 2008 compared to Fiscal 2007 included:

- Administrative fees increased by \$22,000 in Fiscal 2008 because of the increased business and financing activities. The fees comprise accounting, secretarial and general administrative services.

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

- Of the \$118,975 (2007 - \$10,675) in consulting fees incurred during Fiscal 2008, \$70,301 (2007 - \$10,675) were paid to an individual for strategic advisory services. The Company engaged the consultant on a month to month basis at USD \$5,000 per month. The Company also paid a one-time fee of USD\$25,000. Also included were fees of \$25,282 (2007 - \$Nil) paid to the Chairman of the Board of Directors.
- Filing, listing and transfer agent fees were \$13,008 higher in Fiscal 2008 due to transfer agent costs incurred in conjunction with completing five private placements and higher listing fees.
- 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 2008, the majority of the \$41,139 foreign currency losses relate 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.
- Office and miscellaneous were \$22,100 higher in Fiscal 2008 mainly due to an increase in insurance costs of \$15,500. The Company's general office costs have also increased in conjunction with its increased business activity.
- Professional fees include audit and accounting of \$60,796 (2007 - \$37,384) and legal of \$19,457 (2007 - \$11,614) for Fiscal 2008. Both audit and accounting fees and legal fees increased primarily due to increased business activity and increased complexity of the Company's operations.
- 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 the compensation cost by using the Black-Scholes option pricing model. The Company granted 2,305,000 (2007 - 1,560,000) stock options in Fiscal 2008 resulting in compensation expense of \$2,327,727 (2007 - \$1,184,499).
- The Company incurred travel costs of \$90,928 (2007 - \$43,264) during Fiscal 2008. The amount is double Fiscal 2007 and corresponds with the Company's efforts to raise equity financing and management travelling to the Paradox Basin Project and to several meetings with the operator.

Other Items

- The Company has earned interest income as a result of investing cash on hand in guaranteed investment certificates. The Company earned \$253,306 more in interest income during Fiscal 2008 as the Company had considerably more cash on hand from private placements.
- As at June 30, 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 \$54,574 (2007 - \$Nil) for Fiscal 2008.

Fourth Quarter Operations

During Q4/2008, the Company incurred a loss of \$1,338,846 (Q4/2007 - \$3,524,869). Larger expenses incurred and significant discrepancies between Q4/2008 and Q4/2007 are as follows:

- The Company granted 875,000 (2007 - 1,560,000) stock options which resulted in \$948,752 (2007 - \$1,184,499) of compensation expense.
- The Company wrote down the carrying value of its Bittern Lake property by \$428,129 (2007 - \$2,326,759) to \$1 (2007 - \$518,800).

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

Financial Condition, Liquidity and Capital Resources

As at June 30, 2008, the Company had working capital of \$8,396,934 compared to working capital of \$2,873,709 as at June 30, 2007. This \$5,523,225 increase in working capital is directly related to \$25,870,981 of equity financing (net of costs) completed during Fiscal 2008.

Major sources of cash during Fiscal 2008 were 1) issuance of 32,819,592 common shares for net proceeds of \$25,870,981 pursuant to private placements (\$2,911,500 of share subscriptions relating to these private placements were received prior to July 1, 2007); 2) exercise of 3,900 warrants into 3,900 common shares for proceeds of \$4,875; 3) exercise of 99,000 stock options into 99,000 common shares for proceeds of \$66,000; 4) interest income of \$275,322; and 5) petroleum and natural gas sales of \$628,202 net of royalties and transportation and marketing costs.

Major uses of cash during Fiscal 2008 were 1) \$14,373,257 of exploration, development and land acquisition costs incurred on the Company's petroleum and natural gas projects; 2) \$5,144,722 investment related to the formation of Abajo; and 3) approximately \$500,000 of general and administrative expenditures.

Current working capital will be principally used for the advancement of the Paradox Basin Project. It is expected that results from the ongoing completion program will allow for the design of a new drill program, the cost of which is presently unknown, to commence in the spring of 2009. The Company may need to seek additional funding in calendar 2009 to fund capital expenditures on the Paradox Basin Project and to fund general and administrative expenses.

The Company does not anticipate additional significant expenditures on the Bittern Lake Project in the near term.

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 are with customers in the petroleum and natural gas industry and are 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.

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

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.

For the Years Ended June 30	2008	2007	2006
Financial Results			
Loss	\$ 3,052,556	\$ 3,732,162	\$ 675,743
Basic and diluted loss per common share	\$ (0.06)	\$ (0.16)	\$ (0.04)
Financial Position			
Working capital	\$ 8,396,934	\$ 2,873,709	\$ 1,615,350
Total assets	\$ 39,645,052	\$ 13,275,234	\$ 12,266,539
Share capital	\$ 36,977,799	\$ 13,601,031	\$ 12,129,695
Share subscriptions	\$ -	\$ 2,911,500	\$ -
Deficit	\$ 9,575,494	\$ 6,522,938	\$ 2,790,776

The most significant component of the losses reported for 2008, 2007 and 2006 is stock-based compensation of \$2,327,727, \$1,184,499 and \$436,966 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. The Company has incurred approximately \$500,000, \$220,000 and \$210,000 in general and administrative expenditures in 2008, 2007 and 2006 respectively. The large 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 share capital and total assets have increased over the last three years as the Company has issued shares to fund its petroleum and natural gas exploration projects. The increase in the Company's working capital corresponds with the equity financings the Company has completed over the past three years.

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.

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

Fiscal Quarter Ended	Interest Income	Earnings/ (Loss)	Basic & Diluted Earnings/ (Loss)/Share
June 30, 2008	\$ 44,358	\$ (1,288,121)	\$ (0.02)
March 31, 2008 ¹	\$ 58,261	\$ 31,111	\$ -
December 31, 2007 ¹	\$ 76,920	\$ (965,788)	\$ (0.02)
September 30, 2007 ¹	\$ 95,783	\$ (829,758)	\$ (0.02)
June 30, 2007	\$ 2,100	\$ (3,524,869)	\$ (0.15)
March 31, 2007	\$ 331	\$ (39,810)	\$ -
December 31, 2006	\$ 2,930	\$ (165,628)	\$ (0.01)
September 30, 2006	\$ 16,655	\$ (1,855)	\$ -

¹The losses in these periods have been revised to correspond with crediting of the net P&NG revenues against the property and equipment. These changes resulted in an increase to loss and a decrease to property and equipment of \$2,156 and \$12,689 for Q1/2008 and Q2/2008 respectively and a decrease to earnings and a decrease to property and equipment of \$35,880 for Q3/2008. These revisions will be reported in the comparative Q1/2008, Q2/2008 and Q3/2008 financial statements at the time of filing the Q1/2009, Q2/2009 and Q3/2009 financial statements.

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 three 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-based compensation of \$586,172 and \$792,803 respectively pursuant to the granting of stock options. The loss for the three months ended June 30, 2007 is much larger compared to other quarters primarily due to the issuance of stock options and write-down of the Bittern Lake property. Interest income fell considerably from September 30, 2006 to June 30, 2007 as the Company was spending its cash on the Paradox Basin Project. The Company's interest income increased considerably in the four fiscal quarters of 2008 due to closing five private placements and having cash on hand to invest in guaranteed investment certificates.

Related Party Transactions

During Fiscal 2008, administrative fees of \$98,000 (2007 - \$76,000) 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 2008, legal fees of \$51,412 (2007 - \$10,019) 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, \$18,040 (2007 - \$10,019) was charged to legal fees and \$33,372 (2007 - \$Nil) was charged to share capital as share issuance costs.

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

During Fiscal 2008, consulting fees of \$8,960 (2007 - \$Nil) were paid or accrued to a company owned by Mr. Bob Bereskin, a director of the Company. Of this amount, \$2,087 (2007 - \$Nil) was charged to consulting fees and \$6,873 (2007 - \$Nil) was charged to property, plant and equipment as consulting fees.

During Fiscal 2008, consulting fees of \$2,749 (2007 - \$Nil) were paid or accrued to a company owned by Mr. John McLennan, a director of the Company. Of this amount, \$305 (2007 - \$Nil) was charged to consulting fees and \$2,444 (2007 - \$Nil) was charged to property, plant and equipment as consulting fees.

During Fiscal 2008, consulting fees of \$25,282 (2007 - \$10,675) were paid or accrued to Mr. Richard Andrews, a director and Chairman of the Board of Directors of the Company. The consulting fees paid to Mr. Andrews during Fiscal 2007 constituted a related party transaction because at the time of the payments or accruals, Mr. Andrews was a shareholder who controlled or directed more than 10% of the Company's common shares.

Outstanding Share Data

As at October 23, 2008, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	57,972,251	n/a	n/a
Warrants	6,393,250	\$1.25	July 9, 2009
Warrants ¹	3,420,046	\$1.25	July 12, 2009
Warrants	2,048,700	\$1.50	September 21, 2009
Warrants	224,050	\$1.50	October 12, 2009
Warrants	2,500,000	\$1.00/\$1.25	April 15, 2009/2010
Warrants	2,786,250	\$1.75/\$2.00	June 11, 2009/2010
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	1,545,000	\$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	875,000	\$1.40	April 27, 2013
Fully Diluted	80,053,547		

¹ These warrants will expire, subject to TSX Venture Exchange approval, on July 12, 2011 if the Company becomes a TSX Venture Exchange Tier 1 issuer. Also, 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

Investments over which the Company exerts significant influence are accounted for using the equity method. Under this method, the Company's share of the earnings and losses is included in operations and its investment therein is adjusted by a like amount. The Company records a gain on deemed disposition of investment when its ownership interest is diluted as a result of share

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

issuances by the investee company, and the Company's proportionate share of the issuance is greater than the cost base of the investment. The Company does not receive any cash proceeds (nor is required to make any payments) from these transactions. Where in management's opinion there has been a loss in value that is other than a temporary decline, the carrying value is reduced to estimated realizable value.

Effective July 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants new Handbook Sections 1530 "*Comprehensive Income*" ("**HB 1530**"), 3855 "*Financial Instruments – Recognition and Measurement*" ("**HB 3855**"), 3861 "*Financial Instruments – Disclosure and Presentation*" ("**HB 3861**") and 3865 "*Hedges*" ("**HB 3865**").

The objective of these new standards is to account for more assets and liabilities at fair value including non-financial derivatives. There were no transitional adjustments in respect to these standards that were recorded to opening asset and liability balances and accumulated other comprehensive income (loss). A description of the new accounting rules is provided in Note 3 of the audited consolidated financial statements for the year ended June 30, 2008.

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 is not expected to impact 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 is not expected to impact the Company's financial position, operations or cash flows.

Effective July 1, 2008, the Company adopted 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 is not expected to impact the Company's future financial results.

Effective July 1, 2008, the Company adopted 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, 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. The Company is currently evaluating the impact of the adoption of this new standard on its consolidated financial statements.

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

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

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 and CEO
Robert Bereskin	Director
Ron Paton	Director
John McLennan	Director
Laurie Sadler	CFO

On July 23, 2007, Dr. Robert (Bob) Bereskin joined the Company's Board of Directors. Dr. Bereskin has over 25 years experience in the petroleum and natural gas industry and is currently an Adjunct Professor at the University of Utah. His consulting work over the last dozen years has focused on unconventional gas-bearing shale reservoirs in both the United States and Canada, where he has assisted with several international and domestic exploration / exploitation efforts.

On April 28, 2008, Mr. Richard Andrews joined the Company's Board of Directors and was appointed Chairman. Mr. Andrews also separately joined the Board of Directors and was appointed Chairman and Chief Executive Officer of the Company's wholly owned U.S. subsidiary, which holds the Company's interest in the Paradox Basin Project. Management believes that Mr. Andrews' extensive experience in advising and raising funds for resource companies is well suited to the Paradox Basin Project and to future advancement of corporate objectives.

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.

Disclosure and Internal Controls and Procedures

On November 23, 2007, the Canadian Securities Administrators (the "CSA") issued a notice to update market participants on the status of the initiative to repeal and replace Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and the related forms and companion policy. This notice stipulated that the amended version of MI 52-109 will no longer require the CEO and CFO of a venture issuer to certify that they have designed and evaluated the effectiveness of disclosure controls and procedures and internal control over financial reporting. Also on this date, certain securities jurisdictions (BC, Alberta, Ontario) issued exemptive relief orders to permit a venture issuer to file interim and annual certificates for periods ending on or after December 31, 2007 in a form that reflects the proposed changes to MI 52-109.

LYNDEN ENERGY CORP. (formerly Lynden Ventures Ltd.)

Management Discussion and Analysis

For the Year Ended June 30, 2008

Due to the size and operations of the Company, Management is limited in its ability to design, implement and evaluate effective disclosure controls and procedures and internal controls over financial reporting on a cost effective basis. In particular, appropriate segregation of duties is an issue due to the size of the Company. Management tries to mitigate these risks by implementing and reviewing compensatory controls on an ongoing basis.

As such, Management has exercised reasonable diligence to ensure that there are appropriate information systems, procedures, and controls to ensure the integrity of the financial statements and has exercised reasonable diligence to ensure that there are appropriate information systems, procedures, and controls to ensure that information used internally and disclosed externally is complete and reliable.