

LYNDEN ENERGY CORP.

Management Discussion and Analysis For the Three Months Ended September 30, 2010

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 unaudited interim consolidated financial statements for the three months ended September 30, 2010 and related notes thereto. The financial information in this MD&A is derived from the Company’s unaudited interim 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 November 29, 2010.

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

Q1/2011	Three months ended September 30, 2010
Q1/2010	Three months ended September 30, 2009
Current Period	Three months ended September 30, 2010
Prior Period	Three months ended September 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 (“**P&NG**”) rights and properties. The Company has various working interests in the Wolfberry Project and Mitchell Ranch Project, located in the Permian Basin in West Texas, USA and in the Paradox Basin Project, located in the State of Utah, USA. 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, development, and production activities that are being conducted, which may in turn depend on the Company’s recent exploration, development, and production activities and prospects, as well as general market conditions relating to the availability of funding for early stage exploration and development natural resource companies. 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 P&NG 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:

1. Substantial expenditures are required to explore for P&NG 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. Future operations will be subject to all of the risks normally incident to the operation and development of P&NG properties and the drilling of P&NG wells, which could result in personal injuries, loss of life and

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

damage to property of the Company and others. The marketability and price of P&NG that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. The Company will be subject to market fluctuations in the prices of P&NG, deliverability uncertainties relating to the proximity of its reserves to pipelines and processing facilities and extensive government regulations. The P&NG industry is intensely competitive and the Company must compete in all aspects of their operations with a number of other entities that may have greater technical ability and/or financial resources. Title to P&NG interests is often not capable of conclusive determination, without incurring substantial expense; 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.

For a more detailed description of these risks, and others, see <http://www.lyndenenergy.com/riskfactors.html>.

BOE Conversions

Barrel of oil equivalent ("boe") amounts have been calculated using a conversion ratio of six thousand cubic feet of natural gas to one barrel of oil (6:1) to express quantities of natural gas and crude oil in a common unit. The term "boe" may be misleading, particularly if used in isolation. The conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

P&NG Projects

Wolfberry Project, West Texas

The Company is party to a Participation Agreement to acquire interests ranging from 21.88% to 43.75% in P&NG leases 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. Collectively the AMIs cover in excess of 300,000 acres.

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\$666,667 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 10,500 feet, drilling depth. In addition to this main objective, other conventional and unconventional productive zones occur both above and below the Wolfberry assemblage.

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

CrownQuest Operating LLC ("CrownQuest"), the operator of the prospects, is based in Midland, Texas and has extensive knowledge and experience in operating in the Permian Basin. The operator has drilled or participated in over 80 new wells where new completion techniques have been successfully applied in areas adjacent, or in proximity, to the AMIs established under the Participation Agreement.

On October 28, 2010 the Company reported that Cawley, Gillespie & Associates, the Company's independent petroleum engineer, estimates the Company's net Proved plus Probable (P2) reserves at June 30, 2010 to be 8.25 million barrels of oil and 22.0 billion cubic feet of gas. Of this amount, Proved reserves were 1.28 million barrels of oil and 3.70 billion cubic feet of gas. The Net Present Value (10%) of future revenue, before income tax, of the Proved plus Probable reserves as of June 30, 2010 is estimated by Cawley, Gillespie & Associates to be US\$64.0 million. All of the reserves reported are attributable to the Company's Wolfberry Project.

As of September 30, 2010 the Company had participated in the drilling, completion, and tie-in of five Wolfberry wells. The Company has a 43.75% working interest in four producing wells and a 33.85% working interest in one producing well.

Subsequent to the Current Period two additional Wolfberry wells were drilled to their targets depths and are scheduled for fracture stimulation in December 2010. A third well has been spudded and is scheduled for fracture stimulation in January 2011. Additional wells previously scheduled to begin drilling prior to the end of the year are now scheduled to be drilled in January and February 2011. The Company anticipates participating in the drilling of 15 Wolfberry in calendar 2011.

Mitchell Ranch Project, West Texas

The Company is party to a Participation Agreement to acquire a 50% interest in an option to acquire oil and gas leases in Coke, Mitchell, and Sterling counties of West Texas. All acreage is contained within a historical ranch, whose lands were recently optioned by CrownRock LP ("CrownRock"), The Company's partner in the Wolfberry and Paradox Basin projects. The ranch lies to the immediate west of the Jameson oil field and is approximately 10 miles south-east of the Iatan oil field. The project is focused on Permo-Pennsylvanian-aged detrital targets along the eastern shelf of the Permian Basin where there are numerous opportunities across several pay zones, all of which are shallower than 8,000 feet in drilling depth.

Spade Ranch 17 #1, the first Mitchell Ranch Project well, was fracture stimulated in late July, and the well is currently flowing back. There remains an unproved zone of significant interest in the Spade Ranch 17 #1 that will be tested after the productive potential of the completed lower zones has been evaluated. A first phase of completions on the Spade 14 #1, the second Mitchell Ranch Project well, was carried out in late August and a second stage of completions was carried out in mid-November. The Spade Ranch 14 #1 is currently flowing back. The Spade 14 #1 is on the eastern side of the property, approximately 4 miles north-west of the Jameson field, and 14 miles east of the Spade 17 #1.

Three Mitchell Ranch Project wells are expected to be spudded in the first half of calendar 2011.

Paradox Basin Project, Utah

The Paradox Basin Project includes two contiguous P&NG prospect areas totaling 1,525,000 acres. The 900,000 acre Northern Prospect Area includes leases covering approximately 80,000 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 approximately 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.

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

The operator, CrownQuest, 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 P&NG 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.

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 that are tied into sales as part of the evaluation of the productive potential of the Northern Prospect Area. In the Southern Prospect Area there are four wells that have been tied into sales as part of the evaluation of the productive potential of the Southern Prospect Area.

During the Current Period, the Company received \$116,555 (Prior Period - \$110,113) in P&NG sales, incurred royalties of \$21,424 (Prior Period - \$19,787), incurred transportation and marketing costs of \$9,824 (Prior Period - \$11,506), and incurred production taxes of \$5,564 (Prior Period - \$5,682). 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.

Based on an interpretation of the information available as at the date of the preparation of the financial statements for the Current Period, management has determined that the Paradox Basin Project is still in the pre-production stage. Accordingly, the \$79,743 (Prior Period - \$73,138) of net P&NG revenues (revenues less royalties, transportation and marketing costs, and production taxes) received during the Current Period were credited to property and equipment.

As a result of the dramatic decrease in the price of natural gas, during Q1/2010 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. Several of the wells were shut-in during the winter of 2010 due to poor access conditions. These wells were turned on in late May / early June. Subject to weather conditions, 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.

Results of Operations

The Company reported a loss of \$290,289 (Prior Period - \$222,590) and a loss per share of \$nil (Prior Period - \$nil) for the Current Period. Significant components of the Current Period's loss were stock-based compensation of \$268,323, equity loss on investment of \$107,849 and impairment of property and equipment of \$63,199.

LYNDEN ENERGY CORP.

Management Discussion and Analysis For the Three Months Ended September 30, 2010

P&NG Sales

The Company reported P&NG sales of \$715,161 (Prior Period - \$Nil) for the Current Period all from its Wolfberry Project wells. Sales from the Company's Paradox Basin Project, which is in the pre-production phase, are not included in these figures (see Paradox Basin Project discussion above). In conjunction with the sales, the Company reported royalties paid of \$157,269 (Prior Period - \$Nil) and paid production and operating expenses of \$105,676 (Prior Period - \$Nil) for the Current Period. The Company also recognized \$191,574 (Prior Period - \$Nil) of depletion for the Current Period.

Net revenues

	Three months ended September 30,	
	2010	2009
Petroleum revenues	\$ 578,939	\$ -
Natural gas revenues	136,222	-
	715,161	-
Royalty expenses	(157,269)	-
Production and operating expenses	(105,676)	-
	\$ 452,216	\$ -

Production volumes and pricing

	Three months ended September 30,	
	2010	2009
Total volumes		
Petroleum production (bbl)	7,530	-
Natural gas production (mcf)	18,610	-
Daily production averages		
Petroleum (bblpd)	82	-
Natural gas (mcfpd)	202	-
Average prices		
Petroleum selling price (\$/bbl)	\$ 77	\$ -
Natural gas selling price (\$/mcf)	\$ 7.32	\$ -

General and Administrative

Differences in general and administrative expenses during the Current Period compared to the Prior Period included:

- Administrative fees increased by \$6,000 in the Current Period. The fees comprise accounting, secretarial and general administrative services.
- Of the \$61,731 (Prior Period - \$67,047) in consulting fees incurred in the Current Period, \$46,731 (Prior Period - \$48,813) was paid to the Chairman of the Board of Directors. 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 the Current Period, the majority of the foreign currency gain relates to gains incurred on USD denominated purchases during a period where the Canadian Dollar was strengthening against the US Dollar.
- Professional fees include audit and accounting of \$nil (Prior Period - \$nil) and legal of \$3,726 (Prior Period - \$1,931).

LYNDEN ENERGY CORP.

Management Discussion and Analysis For the Three Months Ended September 30, 2010

- During the Current Period, the Company paid an investor relations firm to promote the Company and its projects to a wider audience. The Company is paying this firm USD\$5,000 per month and incurred a total of \$15,562 in fees during the Current Period.
- The Company uses the fair value based method of accounting for all stock-based awards. The Company recorded \$268,323 (Prior Period - \$nil) of non-cash compensation cost as a result of the vesting of previously granted stock options and the granting of new stock options during the Current Period. The new options were granted to directors and the investor relations firm mentioned above.

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 did not earn any interest during the Current Period (Prior Period - \$5,786) because it had very low amounts of cash on hand to earn interest.
- As at September 30, 2010, 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 \$107,849 (Prior Period - \$113,096) for the Current Period.
- The Company wrote off \$63,199 (Prior Period - \$nil) of deferred P&NG property interests during the Current Period to reflect expired Paradox Basin Project leases.

Financial Condition, Liquidity and Capital Resources

As at September 30, 2010, the Company had a working capital deficiency of \$346,972 compared to working capital of \$1,422,984 as at June 30, 2010, a decrease in working capital of \$1,769,956.

Major sources of cash during the Current Period were 1) P&NG sales of \$452,216 net of royalties and production and operating costs and recoveries; and 2) recoveries of property and equipment in the amount of \$63,396.

Major uses of cash during the Current Period were 1) \$1,986,767 of exploration, development and land acquisition costs; and 2) approximately \$130,000 of general and administrative costs.

Subsequent to the Current Period two additional Wolfberry wells were drilled to their target depths and are scheduled for fracture stimulation in December 2010. A third well has been spudded and is scheduled for fracture stimulation in January 2011. Additional wells previously scheduled to begin drilling prior to the end of the year are now scheduled to be drilled in January and February 2011. The Company anticipates participating in the drilling of 15 Wolfberry wells in calendar 2011.

Three Mitchell Ranch Project wells are expected to be spudded in the first half of calendar 2011. The next phase of work on the Paradox Basin Project has not been determined at this time (see discussion of Paradox Basin Project above).

Given the pace of expenditures in prior years, the Company will need to seek additional funding in Fiscal 2011 to fund capital expenditures on its projects and to fund general and administrative expenses.

Subsequent to September 30, 2010, the Company closed a non-brokered private placement for gross proceeds of \$10,100,000. The Company issued 20,200,000 units at \$0.50 per unit and each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.70 for a period of three years. The Company has paid, or undertaken to pay, Finder's Fees of \$416,520, 215,760 common shares and 215,760 share purchase warrants. The 215,760 finder's warrants are each exercisable into one common share at a price of \$0.70 for a period of 3 years.

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

Financial Instruments

As at September 30, 2010, the Company's financial instruments are cash, receivables, and accounts payable and accrued liabilities. The fair value of cash is measured using level 1 of the fair value hierarchy. The amounts reflected in the balance sheet for receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature and negligible credit losses. Investment is stated at its fair value based on the Company's equity interest.

These financial instruments are classified as follows:

Cash – held-for-trading
Receivables – loans and receivables
Accounts payable and accrued liabilities – other financial liability

The Company considers its exposure to interest rate risk and credit risk is small. 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 P&NG sales.

a) Credit Risk

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 aging of receivables are as follows:

	September 30, 2010	June 30, 2010
Amounts receivable		
0 to 60 days	\$ 363,528	\$ 342,994
61 to 120 days	-	34,505
> 120 days	36,434	-
	<u>\$ 399,962</u>	<u>\$ 377,499</u>

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its exploration obligations and cash on hand.

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact interest income. As at September 30, 2010, if interest rates had been 0.25% lower, loss and comprehensive loss would have been \$280 higher and conversely if interest rates had been 0.25% higher, loss and comprehensive loss would have been \$280 lower.

ii) Currency Risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk from its USA based P&NG projects where the costs incurred and revenues earned are in US dollars while the Company finances its operations in Canadian dollars. The Company does not use derivative instruments or hedges to manage currency risks.

As at September 30, 2010, cash includes \$34,402 (US\$33,433) of US denominated cash. As at September 30, 2010, if the Canadian dollar strengthened by 10% against the US dollar with all other variables remaining constant, loss and comprehensive loss would have been \$3,127 higher. Conversely, if the Canadian dollar weakened by 10% against the US dollar with all other variables remaining constant, loss and comprehensive loss would have been \$3,440 lower.

As at September 30, 2010, receivables include \$394,609 (US\$383,488) of US denominated receivables. As at June 30, 2010, if the Canadian dollar strengthened by 10% against the US dollar with all other variables remaining constant, loss and comprehensive loss would have been \$35,874 higher. Conversely, if the Canadian dollar weakened by 10% against the US dollar with all other variables remaining constant, loss and comprehensive loss would have been \$39,461 lower.

As at September 30, 2010, accounts payable and accrued liabilities include \$783,515 (US\$761,433) of US denominated payables. As at June 30, 2010, if the Canadian dollar strengthened by 10% against the US dollar with all other variables remaining constant, loss and comprehensive loss would have been \$71,229 lower. Conversely, if the Canadian dollar weakened by 10% against the US dollar with all other variables remaining constant, loss and comprehensive loss would have been \$78,352 higher.

iii) Price Risk

The Company's P&NG production is marketed and sold on the spot market to area aggregators based on daily spot prices that are adjusted for product quality and transportation costs. The Company's cash flow from product sales will therefore be impacted by fluctuations in commodity prices. The Company does not use derivative financial instruments to manage this risk.

Off-Balance Sheet Arrangements

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee

LYNDEN ENERGY CORP.

Management Discussion and Analysis For the Three Months Ended September 30, 2010

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.

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	P&NG Sales	Interest Income	Loss	Basic & Diluted Earnings/(Loss)/Share
September 30, 2010	\$ 715,161	\$ -	\$ (290,289)	\$ -
June 30, 2010	\$ 816,193	\$ 2,166	\$ (3,088,630)	\$ (0.05)
March 31, 2010	\$ 507,203	\$ 3,374	\$ (656,984)	\$ (0.01)
December 31, 2009	\$ -	\$ 4,733	\$ (536,123)	\$ (0.01)
September 30, 2009	\$ -	\$ 5,786	\$ (222,590)	\$ -
June 30, 2009	\$ -	\$ 30,895	\$ (331,971)	\$ -
March 31, 2009	\$ -	\$ 35,573	\$ (261,126)	\$ -
December 31, 2008	\$ -	\$ 44,262	\$ (511,804)	\$ (0.01)

The quarterly losses vary considerably mainly due to foreign currency fluctuations, granting of stock options, write-down of P&NG property interests and P&NG sales. 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 Company reported revenues from its Wolfberry Project during the March 31/10, June 30/10, and September 30/10 quarters. The Company wrote-off \$556,411, \$2,818,227, and \$63,199 of deferred P&NG costs due to expired leases during the March 31/10, June 30/10, and September 30/10 quarters respectively. The majority of the loss for the December 31/09 quarter relates to stock-based compensation of \$250,953 pursuant to the granting of stock options and equity loss on investment of \$117,381. The amount of interest has decreased over the last eight quarters as the Company expended funds on its P&NG projects and general and administrative expenditures and as a result of decreasing interest rates.

Related Party Transactions

During the Current Period, administrative fees of \$36,000 (Prior Period - \$30,000) 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 the Current Period, legal fees of \$1,621 (Prior Period - \$1,233) 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, \$1,621 (Prior Period - \$1,233) was charged to legal fees and \$nil (Prior Period - \$nil) was charged to share capital as share issuance costs.

During the Current Period, consulting fees of \$1,388 (Prior Period - \$6,461) were paid or accrued to a company owned by Mr. Bob Bereskin, a director of the Company. Of this amount, \$nil (Prior Period - \$3,234) was charged to consulting fees and \$1,388 (Prior Period - \$3,227) was charged to property and equipment.

During the Current Period, consulting fees of \$7,198 (Prior Period - \$nil) were paid or accrued to a company owned by Mr.

LYNDEN ENERGY CORP.

Management Discussion and Analysis For the Three Months Ended September 30, 2010

John McLennan, a director of the Company. This amount was charged to property and equipment. During the Current Period, consulting fees of \$46,731 (Prior Period - \$48,813) 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 November 29, 2010, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	93,694,854	n/a	n/a
Warrants	354,000	\$0.30	February 10, 2011
Warrants	6,237,500	\$1.25	July 9, 2011
Warrants ¹	3,260,976	\$1.25	July 12, 2011
Warrants	2,048,700	\$1.50	September 21, 2011
Warrants	224,050	\$1.50	October 12, 2011
Warrants	9,350,000	\$0.50	February 10, 2012
Warrants	6,004,000	\$0.50	February 16, 2012
Warrants	2,500,000	\$1.25	April 15, 2012
Warrants	2,775,000	\$2.00	June 11, 2012
Warrants	14,214,000	\$0.70	October 27, 2013
Warrants	5,906,000	\$0.70	November 12, 2013
Warrants	295,760	\$0.70	November 19, 2013
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	200,000	\$0.70	July 20, 2013
Stock options	1,076,666	\$0.30	October 7, 2014
Stock options	1,500,000	\$0.55	March 16, 2015
Stock options	260,000	\$0.60	July 20, 2015
Fully Diluted	153,729,006		

¹ 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.

International Financial Reporting Standards

In 2008, Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly accountable companies to use International Financial Reporting Standards ("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.

The Company believes it will be able to manage the transition to IFRS from Canadian GAAP using internal resources with limited external assistance.

During 2010 and continuing into 2011, the Company has been and will be reviewing financial statement preparation, IT infrastructure, control environment and accounting policy choices available under IFRS in regards

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

to the current operations of the Company.

During the Company's scoping of existing IFRS compared to Canadian GAAP, the following areas have been identified as having the highest potential impact on the Company's financial reporting: initial adoption of IFRS under the policies set forth in *IFRS 1 "First-Time Adoption of IFRS"*, exploration and development expenditures, full cost method of accounting for oil and gas properties, asset retirement obligations, property plant and equipment, and impairment of assets.

This conversion project will consist of three phases: 1) general planning and scoping, 2) detailed assessment of accounting policy differences and detailed conversion planning, and 3) implementation, parallel reporting and review. The Company is still completing Phase 1 and Phase 2 and 3 are not expected to start until Fiscal 2011.

The following is a discussion of some of the more significant issues facing the Company related to the accounting standards that may have a significant financial statement impact:

i) First time adoption: P&NG assets

In general, the Company may elect to report items of property and equipment in its transition date balance sheet (July 1, 2010) at a deemed cost instead of the actual cost that would be determined under IFRS. The deemed cost may be the fair value of the asset.

During Q1/2010, the International Accounting Standards Board issued an additional exemption for first time adopters of IFRS whereby companies using the full cost method of accounting for oil and gas properties may carry forward the amount determined under Canadian GAAP as the deemed cost under IFRS. This exemption will reduce potential adjustments to the Company's oil and gas properties upon adoption of IFRS.

If this optional exemption is elected, the Company is required to test the resulting deemed cost amounts for impairment and, if necessary, reduce the carrying values. See "Impairment of Assets" below.

ii) P&NG assets: exploration and evaluation

Beyond the optional exemption at the transition date discussed above, IFRS permits a policy choice in the accounting for exploration and evaluation ("E&E") assets. IFRS, particularly IFRS 6, provides little specific guidance on making this policy choice. Thus, the Company could choose to continue the full cost method of accounting for P&NG assets (as disclosed in the Company's significant accounting policies), or choose a different policy. However, the full cost method, if applied, would likely need to be modified such that it is not applied with one cost centre per country but rather would need to be applied at a lower level (ie: property, project, well) depending on the requirements for component depletion (see below) and impairment assessment.

After initial recognition, E&E assets may be accounted for using the cost model or the revaluation model. The revaluation model involves adjusting the assets to fair value on a regular basis in subsequent periods.

It is likely that the Company will choose to use the cost model instead of the revaluation model. However, at this time, the Company has made no specific decisions regarding an accounting policy for E&E assets and has not yet determined the level at which E&E costs should be accumulated.

E&E assets must be assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount and also when E&E assets are to be reclassified because technical feasibility and commercial viability has been demonstrated.

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

iii) Depletion and depreciation

IFRS requires component accounting for depletion and depreciation, which is generally a more detailed level than is currently practiced under Canadian GAAP.

Also, IFRS permits depletion to be computed using either proved reserves or proved plus probable reserves, as compared to Canadian GAAP, which only permits the use of proved reserves. The Company has not yet made an IFRS policy decision in this regard.

The Company has not yet fully assessed the impact of these differences between IFRS and Canadian GAAP on the Company's financial statements.

iv) Impairment of assets

Under Canadian GAAP for P&NG assets, a "ceiling test" is performed as an impairment test (see the Company's significant accounting policies). Ceiling tests are normally applied for each country and the test involves, among other things, the use of undiscounted cash flows in determining whether to recognize an impairment. Under IFRS, impairment of E&E assets, development assets and production assets is normally performed at a more detailed level (cash generating unit) than what is currently required under Canadian GAAP. This may potentially result in more impairment write downs under IFRS. As well, under IFRS, when there are impairment indicators for E&E assets or for development and production assets, the carrying value of the assets is compared to the recoverable amount of the assets, being the greater of fair value less cost to sell and value in use. Value in use is determined based on discounted, not undiscounted, cash flows.

Under IFRS, any impairments recognized on the financial statements must be reversed, if circumstances warrant this. Under Canadian GAAP, reversals of impairments of property, plant and equipment are prohibited.

The Company has not yet fully assessed the impact of these differences between IFRS and Canadian GAAP on the Company's financial statements.

v) Asset retirement obligations

Under Canadian GAAP for asset retirement obligations ("ARO"), an ARO is calculated using a current credit-adjusted, risk-free rate for upward revisions and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rate.

Under IFRS, ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates.

The change in calculation of ARO and the discounting process will likely generate some changes in the value or ARO on transition.

Q1/2011 IFRS Updates

During Q1/2011, the Company upgraded its accounting software in order to improve its ability to collect and analyze accounting data. These improvements will benefit the Company as it transitions to IFRS. The upfront cost and transition cost of the upgrade was not material and the Company did not encounter any adverse issues during the transition process.

LYNDEN ENERGY CORP.

Management Discussion and Analysis
For the Three Months Ended September 30, 2010

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.