



**FORM 51-102F1  
TORCH RIVER RESOURCES LTD.  
MANAGEMENT DISCUSSION & ANALYSIS**

**For the Second Quarter ended April 30, 2008**

**GENERAL**

This Management Discussion and Analysis (“MD&A”) of the results of operations and the financial condition of Torch River Resources Ltd (“Torch” or the “Company”) supplements but does not form part of the unaudited Financial Statements and accompanying Notes of the Company for the quarter ended April 30, 2008 (second quarter) and six months year to date. Consequently, the following discussion and analysis of the financial condition and results of operations of Torch River Resources Ltd should be read in conjunction with the audited financial statements for the fiscal year ended October 31, 2007 and 2006.

Torch is a reporting issuer in Alberta and British Columbia and is a listed Tier 2 issuer on the TSX Venture Exchange, trading under the symbol “TCR”. The Company is a venture issuer and is not required to file an Annual Information Form.

The Company prepares and files its financial reports in accordance with Canadian generally accepted accounting principles. The MD&A and the corresponding financial statements for April 30, 2008 were prepared by management and have not been reviewed by the Company’s external auditor.

The Audit Committee of the Board of Directors appointed by the Board and consisting of three independent directors, has reviewed this document pursuant to its mandate and charter.

With respect to timely disclosure by Torch of data and information in general, and especially in the MD&A, materiality and material information is considered by the Company as something that would be likely to affect the Company’s share price or influence an investor’s decision whether or not to buy, sell, or hold shares once it becomes known to the public.

Additional information can be found on Torch on the SEDAR website ([www.sedar.com](http://www.sedar.com)) and on the Company’s website ([www.torchriver.ca](http://www.torchriver.ca))

**DATE OF MD&A**

This Management Discussion and Analysis (“MD&A”) was prepared June 27, 2008.

## **PROPERTIES**

### **SUMMARY**

Torch River Resources Ltd. is a junior resource company which is focusing its main efforts on exploring for molybdenum in British Columbia. The Company also holds 100% interest in the High Rock Mineral Claim Block (gold) in Island Lake, Manitoba and Grouse Mountain (silver) near Houston, British Columbia. An option agreement was signed in February of this year on Mount Copeland (Copeland), a past producing molybdenum property located near Revelstoke, British Columbia.

### **RED BIRD**

The Red Bird molybdenum property consists of three mineral claims situated in the Skeena Mining Division of west central British Columbia 133 kilometers southwest of Burns Lake and 105 kilometers north of Bella Coola. The property covers an area of 1,256.3 hectares between latitudes 53°16'39" to 53°18'16" North and longitudes 126°59'10" to 127°3'39" West (Universal Transverse Mercator NAD83 coordinates 5905047 to 5908034 North and 629255 to 634234 East) in NTS map-area 93E/6. In 2006 a further 696 hectares was added to the Torch River claims.

On July 8, 2005 Red Bird Resources Ltd and the Company entered into an Option Agreement on the Red Bird property. The Company has met and in some cases exceeded the commitments due as at this report date. As of May 31, 2008 the Company is the legal and beneficial owner of a non-transferable 25% undivided interest in the property (as defined by the option agreement).

The Red Bird property represents an advanced molybdenum and copper porphyry target. Historic work completed by Phelps Dodge and Craigmont Mines Ltd. have outlined three deposits that could be developed by open pit mining methods. The data base for Phelps Dodge holes consisted of just cross sections with assay composites shown. The assays and drill hole coordinate information was all available for the Craigmont drill holes.

During August 2005, under the direction of A. Kikauka, Craigmont drill core was re-sampled and assayed for molybdenum and copper. This was done from 133 drill hole cores and over 1,400 assay samples. Sub-sets of data were also assayed for gold and rhenium.

In 2006 work on Red Bird was escalated and the camp and amenities were upgraded; environmental and safety standards improved as the facility was prepared to expedite current and future work programs. A 1,940 metre drilling program was coordinated through ResourceEye Services Inc. with Ron Parent as the independent P. Geo on site. Two holes were extended beyond planned depth to determine mineralization levels. There was a 7 km Induced Polarization and Magnetometer (IP) program conducted by Scott Geophysics and rock sampling performed. \$1.2 million was invested in the Red Bird property during the 2006 fiscal year.

The 2007 work program commenced in June, 2007. A ten hole drill program was

completed with total drilling of 2,645 meters or 8,679 feet of core. This drill program focused on the western extension of the Main Zone, an area that had never been drilled before.

The latest NI 43-101 was completed January 11, 2008 and is posted on SEDAR. This NI 43-101 covered the 2007 drilling program. It reported in the indicated category of Mo, 88.2 million tonnes versus 43.3 million tonnes in 2006 (an increase of 103.7%) and the contained Mo increased from 61.2 million pounds to 118.6 million pounds (93.8% increase). The offset was a reduction to the inferred category. The total tonnage of the resource at a 0.03% Mo cutoff has increased by 33% while the contained molybdenum increased by 29%.

	Indicated Resource			Inferred Resource		
	Tonnes (millions)	Mo (%)	Pounds Mo (million)	Tonnes (millions)	Mo (%)	Pounds Mo (million)
2006 Resource	43.3	0.064	61.2	70.5	0.058	90.1
2007 Resource	88.2	0.061	118.6	63.4	0.055	76.9
Increase (%)	103.7		93.8	(10.1)		(14.7)

## HIGH ROCK & CLIMPY

The High Rock property and the Climpy property are gold prospects in northeast Manitoba located approximately 8 kilometers apart and cover approximately 1,544 hectares. The High Rock property consists of 9 mining claims covering 1,301 hectares and the Climpy property consists of one claim covering 243 hectares. Torch holds a 100% interest in all claims. There was 895 feet of drilling done in 2004. Assay results range from trace to .154 oz/t of gold. Further comprehensive development in the form of bulk sampling will be required on both the Juniper Vein as well as the Main Vein to establish the economic viability of the property. No drilling or additional exploration is planned in 2008.

## GROUSE MOUNTAIN

Grouse Mountain consists of six mineral claims covering a total of 1,574.5 hectares at Grouse Mountain, British Columbia. This property was acquired in July, 2007. There is no drilling or significant exploration planned in 2008.

## ACQUISITIONS

On February 14, 2008 Torch announced that it had signed an option agreement on Mount Copeland, an area adjacent to a mine that produced high grade Mo during 1970-73. The vendors on this property are William E. Pfaffenberger, President, CEO and a director of Torch, J. John Kalmet, Andris A. Kikauka and Multiplex Enterprises who's sole director and officer is Grant B. Anderson.

The Mount Copeland Property featured underground production (1970-73) which produced 169,729 tonnes and recovered 2,625,073 pounds of molybdenum (0.7% recovered Mo). When the Mount Copeland Property was in production in 1970 development work indicated 163,340 tonnes of ore at a grade of 1.83% MoS<sub>2</sub> (or 1.1 % molybdenum). The ore indicated prior to mining has been essentially extracted. The information above is included for comparison purposes only. The information is derived from the MINFILE Record Summary for MINFILE No. 082M 002 (Mount Copeland), B.C. Ministry of Energy, Mines and Petroleum Resources and the MINFILE Productions Detail Report, B.C. Geological Survey, B.C. Ministry of Energy, Mines and Petroleum Resources, which may be viewed at: <http://minfile.gov.bc.ca/Summary.aspx?minfilno=082M++002>  
[http://minfile.gov.bc.ca/report.aspx?f=PDF&r=Production\\_Detail.rpt&minfilno=082M++002](http://minfile.gov.bc.ca/report.aspx?f=PDF&r=Production_Detail.rpt&minfilno=082M++002)

The consideration to be paid by Torch under the Option Agreement shall be up to \$475,000.00 in cash, 1,300,000 shares of Torch and a work program to be carried out by Torch on the Mount Copeland Property at a cost of approximately \$500,000.00. The vendors shall also be entitled to a net smelter royalty of 2.75% on all minerals mined.

The consideration to be paid by Torch shall be allocated as follows below:

- (a) upon execution of the letter of intent, \$15,000.00 as a non-refundable deposit;
- (b) At the option of Torch, either:
  - (i) \$25,000 plus 200,000 shares of Torch on or before April 28, 2008; or
  - (ii) \$10,000 on or before April 28, 2008 and \$25,000 plus 200,000 shares of Torch on or before June 30, 2008;
- (c) April 28, 2009, \$25,000.00 plus 200,000 shares of Torch;
- (d) April 28, 2010, \$200,000.00 plus 900,000 shares of Torch;
- (e) April 28, 2011, \$200,000.00.

Torch will have the right to terminate the Option Agreement at various stages of the agreement. This transaction is deemed a “Non-Arms Length” transaction. All of the consideration shall be divided by the vendors based upon their ownership percentage, with there being no finders’ fee payable.

Torch has received conditional approval from the TSX on this transaction and has made the first option payment of \$25,000 (plus the \$10,000 paid in April to extend the Option date) and 200,000 shares at the end of June, 2008. Torch was encouraged by sampling programs taken on the property in 2005 and 2007 and had an independent geologist review and compile data on the property as part of the due diligence process. The Company is currently preparing for the 2008 work program.

## RED BIRD OPTION AGREEMENT

On July 8, 2005 Red Bird Resources Ltd and the Company entered into an Option Agreement on the Red Bird property. This agreement provides the Company the sole and exclusive right and option to acquire up to and including one hundred percent (100%) undivided interest in and to the Red Bird Property free and clear of all charges, encumbrances, claims, royalties and net profit interests of whatsoever nature except as set forth, with cash payments to the Optionor of:

- a non-refundable sum of \$50,000 [paid] payable on or before execution of the Option Agreement to acquire all pertinent technical and geological data relevant to the property;
- the sum of \$50,000 [paid] to be paid on or before June 15, 2005;
- the sum of \$200,000 [paid] to be paid on or before May 15, 2006;
- the sum of \$500,000 [paid] to be paid on or before May 15, 2007;
- the sum of \$500,000 [paid May 2008] to be paid on or before May 15, 2008;
- the sum of \$4,000,000, to be paid on or before December 31, 2008;

the issuance, delivery by the Company to the Optionor of:

- 1,000,000 [Issued] Shares within fifteen (15) days of receiving approval from the TSX Venture Exchange Inc. ("Exchange") and the shareholders of the Company;
- the issuance and delivery by the Company to the Optionor of 2,000,000 Shares [issued] on or before May 15, 2007;
- the issuance and delivery by the Company to the Optionor of 2,000,000 Shares [issued in May 2008] on or before May 15, 2008;
- the issuance and delivery by the Company to the Optionor of 2,000,000 Shares on or before May 15, 2009; and
- the issuance and delivery by the Company to the Optionor of 3,000,000 Shares on or before December 31, 2009.

And, the funding to the work program of:

- the sum of \$150,000 [Expended] for the initial work program on the Property
- the sum of \$500,000 [Expended] to be paid on or before May 15, 2006
- the sum of \$750,000 [Expended] on or before May 15, 2007;
- the sum of \$750,000 [Expended] on or before May 15, 2008

And, the Optionor shall be entitled to retain a 2.50% (amended in 2006) net smelter return ("NSR") royalty on the Red Bird Property upon transfer of the Red Bird Property to the Company.

## GENERAL DEVELOPMENT OF THE BUSINESS

Torch River Mines Ltd. was incorporated on June 18, 1997, by Certificate of Incorporation issued pursuant to the provisions of the Alberta Companies Act. and extra-provincially registered to carry on business in the provinces of Saskatchewan, Manitoba and British Columbia.

Torch River Mines Ltd held 100% interests in the High Rock Mineral Claim Block in

Island Lake, Manitoba for the purpose of exploring and developing mining claims in northern Manitoba acquiring its interest in the mineral properties. Since incorporation Torch River Mines Ltd. has acquired claims in the Island Lake area located approximately 500 kms. northeast of Winnipeg, Manitoba, and approximately 20 kms from the town of Garden Hill, Manitoba.

On March 26, 2004, the Company was officially formed from the amalgamation of Tael Capital Inc. and Torch River Mines Ltd. under the *Business Corporations Act* (Alberta) under the name Torch River Resources Ltd (“the Company”). The amalgamation was the Company’s Qualifying Transaction for listing on the TSX Venture Exchange.

On July 8, 2005, the Company signed an Option Agreement with Red Bird Resources Ltd (“the Optionor”) on its Red Bird Property located in the central coastal region of British Columbia, 105 kilometers north of the town of Bella Coola and 140 kilometers southwest of Houston, British Columbia.

## **RESULTS OF OPERATIONS**

### **Selected Quarterly Information**

The principal focus of the Company is the continued exploration and development of its Red Bird molybdenum / copper / rhenium properties and Mount Copeland molybdenum property.

The Company’s income for the quarter ended April 30, 2008 consisted solely of interest income of \$16 thousand.

Expenses for the quarter were \$23 thousand lower than prior year. The largest reduction was the lower stock compensation expense (\$26 thousand) and property examination (\$26 thousand) whereas expenses were higher in the following categories.

- Increased amortization which related to additional field equipment
- Increased Investor Relations expense through media advertising
- Increased Management fees

Net loss for the quarter of \$171 thousand is \$199 thousand higher than the comparable quarter last year. The Company had booked a \$208 thousand future income tax recovery in the comparative quarter last year that affected the small after tax income in quarter.

The operating losses are a reflection of the Company’s status as a non-revenue producing exploration company. As the Company has no main source of income, losses are expected.

Exploration on the properties is done during the May to October time period due to property access. \$40 thousand was expended on preparatory work for the two drill programs for Red Bird and Mount Copeland.

## SUMMARY OF QUARTERLY RESULTS

<b>Item</b>	<b>Qtr 2/08 Three Months Ended April 30, 2008</b>	<b>Qtr 1/08 Three Months Ended Jan 31, 2008</b>	<b>Qtr 4/07 Three Months Ended Oct 31, 2007</b>	<b>Qtr 3/07 Three Months Ended July 31, 2007</b>
Cash & Cash Equivalents including short term investments	\$2,169,221	\$ 2,376,023	\$ 2,120,003	\$ 2,839,554
Mineral Properties, Deferred exploration	4,601,841	4,542,024	4,521,506	3,034,035
Working Capital	2,246,337	2,405,018	2,277,845	2,649,460
Net Sales	-	-	-	-
Gain (Loss) before extraordinary items	(171,678)	(90,846)	(460,362)	(267,320)
Loss per share and fully diluted loss per share	(.01)	(.02)	(.02)	(.02)
Total Assets	7,017,851	7,151,543	7,021,419	6,353,626
Total Long Term Financial Liabilities	17,108	18,944	23,357	44,396

<b>Item</b>	<b>Qtr 2/07 Three Months Ended April 30, 2007</b>	<b>Qtr 1/07 Three Months Ended Jan 31, 2007</b>	<b>Qtr 4/06 Three Months Ended Oct 31, 2006</b>	<b>Qtr 3/06 Three Months Ended July 31, 2006</b>
Cash & Cash Equivalents including short term investments	\$ 2,761,461	\$ 236,049	\$ 129,033	\$ 251,224
Mineral Properties, Deferred exploration	2,458,845	2,457,201	2,469,218	1,648,273
Working Capital	2,706,496	273,455	19,110	83,241
Net Sales	-	-	-	-
Gain (Loss) before extraordinary items	27,379	(51,061)	(17,657)	(76,080)
Loss per share and fully diluted loss per share	.01	(.01)	(.00)	(.01)
Total Assets	5,389,156	2,915,464	2,846,031	1,988,065
Total Long Term Financial Liabilities	44,396	44,396	45,589	-

The above table is stated in dollars. These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

## **LIQUIDITY AND CAPITAL RESOURCES**

At the end of the second quarter of fiscal 2008, Torch reported working capital of \$2,246,337 (\$2,706,496 – fiscal 2007) and cash & cash equivalents including cashable short term investments of \$2,169,221 (\$2,761,461 – fiscal 2007). Short term investments are cashable Guaranteed Investment Certificates with a major Canadian bank. The company anticipates that the working capital amount at the end of the second quarter of fiscal 2008, combined with the \$299,991 private placements received in May, 2008, the \$200,000 placement received in June as well as the announced and planned placements to date will be sufficient to support the increased drilling programs about to start on the Red Bird and Mount Copeland sites.

Torch currently does not have credit facilities with financial institutions and does not anticipate that it will generate revenue from its activities in fiscal 2008; therefore it will rely on its ability to obtain equity financing for operations. The Company received \$70,900 in financing from the purchase of options and \$145,000 from the purchase of warrants during the first six months of the year. Management anticipates that it will be able to raise sufficient capital to further explore and develop its properties and carry out its projects in the future. The Company, however, cannot provide any assurance that equity financing will be available on terms and conditions acceptable to the Company.

During the quarter ended April 30, 2008, the Company granted a total of 320,000 options to Directors to acquire common shares of Torch at an exercise price of \$0.18 per common share.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has no off-balance sheet arrangements.

## **WORK PLAN 2008**

The Company has planned a more aggressive drill program for 2008 than previous years. A budgeted work program of 1.7 million has been planned for Red Bird in 2008. Its drilling is planned to be directed at near surface higher grade mineralized targets in the original Main Zone and deeper targets west of that Zone and in the SE and SW Zones. This could increase the confidence in potential starter pit areas. The deep extension of the Main zone will also be drilled to hopefully increase the indicated resource. Eighteen drill pads have been recommended (14 on the Main Zone, 2 on the SE Zone and 2 on the SW Zone for a total of 7,000 m (22,960 ft.) of diamond drilling in holes from 200 to 500 m deep. Most holes will be vertical, and some holes will be inclined -60 to -70 degree dip (from horizontal). A smaller Longyear 28 drill rig is planned to drill from 2 proposed helicopter access sites located 150-200 m above the upper road (Main Zone East). These 2 helicopter access sites are at 1595 m. A larger Longyear 38 drill rig will be used to drill 12 holes from the Main Zone upper road at 50 m spacing, and 2 holes on SW Zone, and 2 holes on SE Zone. The smaller drill will be moved by helicopter and the larger drill will be moved on skids by the Kubota excavator

on pre-existing road network.

The camp was opened in mid May in preparation for drilling. The two drilling rigs have been mobilized on site in the last few days and drilling will commence immediately.

Mount Copeland has a drill program of 8,000 feet of diamond drilling planned. That program will involve 14 holes targeting the possible extension of molybdenum mineralization mined from 1970 to 1973. A budget of \$600,000 has been set this summer for the 2008 program. The drill is expected to be mobilized at the end of July.

#### **MARKET INFORMATION ON MOLY**

The current price of molybdenum is \$32 - \$34 per pound in the oxide form. Demand for molybdenum is forecast to increase by 4% to 6% per year for the next ten years. Demand for molybdenum was 440,000,000 pounds in 2007. The current forecast increase in demand will mean that at least one new major mine (20,000 to 25,000 pounds per year) will need to be started each year if this increase in demand is to be met.

#### **RISK AND UNCERTAINTIES**

Exploration and mining companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible.

The principal activity of the Company is mineral exploration and it is inherently risky. Exploration is also capital intensive and the Company currently has no source of income other than those described in the circular. Only the skills of its management in the mineral exploration and exploration financing serve to mitigate these risks and therefore are one of the main assets of the Company.

#### **CONTRACTUAL OBLIGATIONS**

The Company has minimal long term debt. Field equipment has been placed on a finance contract as this was deemed the most cost effective method of furnishing those needs at camp site. The Company has financial obligations under the Option Agreement with Red Bird Resources Ltd signed July 8, 2005. These obligations are scheduled below.

	<u>Due to Red Bird</u>	<u>Work Program</u>
Obligations for remaining 6 mths 2008 (subsequently paid May 15, 2008 per agreement)	\$ 500,000	\$ nil*
Red Bird option agreement payment due Dec 31, 2008	<u>4,000,000</u>	<u>          </u>
Total	<u>\$ 4,500,000</u>	<u>\$ nil</u>

\* Commitment met and exceeded

## **SHARES ISSUED AND OUTSTANDING**

As at April 30, 2008 the company had 45,126,177 common shares issued and outstanding. There are 61,221,840 shares on a fully diluted basis. There were no shares issued nor warrants or options redeemed in the quarter.

## **APPROVAL**

The Board of Directors of Torch River Resources Ltd. has approved the disclosure contained in the Quarterly MD&A.

This MD&A is available on the Company's SEDAR site accessed through [www.sedar.com](http://www.sedar.com)

## **FORWARD LOOKING STATEMENTS**

The MD&A contains certain forward looking statements, except for historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements expressed or implied by these forward looking statements to vary.

Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding potential mineral reserves, changes in demand for and commodity prices of molybdenum, legislative, environments and other regulatory approval or political changes.

## **OTHER REQUIREMENTS**

Additional information relating to the Company is available on Sedar at [www.sedar.com](http://www.sedar.com) and on the Company's website [www.torchriver.ca](http://www.torchriver.ca).