

LINEAR METALS CORPORATION

Management Discussion and Analysis

Quarterly Report – January 31, 2008

This Management Discussion and Analysis of Linear Metals Corporation (the “Company”) provides analysis of the Company’s financial results for the period ended January 31, 2008. The following information should be read in conjunction with the accompanying unaudited financial statements and the notes to the unaudited financial statements.

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.1 Date of Report

This report is prepared as of March 13, 2008.

1.2 Nature of Business and Overall Performance

Linear Metals is a junior exploration company listed on the Toronto Stock Exchange. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company owns or controls, under option, an interest in eight properties, including four properties in Mexico through its subsidiary Linear Metal Corp. Mexico, S.A. de C.V. and four properties in Canada. The Company is currently focusing its exploration activities primarily on the Cobre Grande Property in Mexico and the KM61 Property in Canada, where the Company has made significant mineral discoveries.

On November 6, 2007, the Company completed a brokered private placement of 3,900,000 flow-through common shares at a price of \$1.80 per flow-through share, for gross proceeds of \$7.0 million. The Company is using the proceeds of these financings to fund its level of exploration activities in Canada.

During the period ended January 31, 2008, the Company incurred a loss of \$0.1 million, which was similar to the \$0.1 million loss incurred by the Company during the same quarter of the previous year. The Company continues to have no revenue-producing operations and anticipates its operating losses to be approximately \$1.7 million during Fiscal 2008 as the Company increases its corporate resources to support significantly increased levels of exploration activities. The Company is dependent on future equity financings and/or project financing alternatives, to fund future operations and continue exploration programs.

1.3 Selected Annual Information

Expressed in thousands of Canadian dollars, except per share amounts:

Fiscal Year	2007	2006	2005
Revenues	\$ 280	\$ 4	\$ -
Net loss	\$ 1,112	\$ 249	\$ -
Basic & diluted net loss per share	\$ 0.03	\$ 0.02	\$ -
Total assets	\$ 13,902	\$ 2,148	\$ 946
Cash dividends per common share	N/A	N/A	N/A

This financial data has been prepared in accordance with Canadian generally accepted accounting principles, and all figures are stated in Canadian dollars.

The Company was incorporated on November 17, 2004 as a wholly-owned subsidiary of Linear Gold and was inactive prior to March 2006. The Company acquired interests in mineral properties from Linear Gold during a corporate reorganization that occurred during the second quarter of Fiscal 2006, and the amounts reported for 2005 represent “carve-out” accounting balances as required under Canadian generally accepted accounting principles.

Since the reorganization and distribution of the Company’s shares by Linear Gold, the Company has been operating as a stand-alone entity. The Company expects to record losses until such time as an economic resource is identified, developed and exploited on one or more of the Company’s properties and is anticipating an operating loss of approximately \$1.7 million during Fiscal 2008. The Company’s Net loss will be significantly affected by any write-down or abandonment of any resource properties in a given period.

1.4 Results of Operations

Three months ended January 31, 2008

During the period ended January 31, 2008, the Company incurred a net loss of \$0.1 million. A flow-through financing completed on November 6, 2007 contributed to a significantly higher cash balance than in the same quarter of the prior year, resulting in a \$0.1 million increase in Interest revenue. The Company’s operating expenses during the period totalled \$0.3 million, an increase of 75% from the previous year due to increased operating activity and the payment of staff bonuses during the current quarter. Significant operating expenses included \$133,449 in Management salaries and services, including staff bonuses, director insurance premiums, accrued director fees, and a total of \$30,000 paid to Linear Gold during the current period pursuant to a Management Services Agreement. Investor relations and marketing expenses during the period totalled \$29,892; Travel costs were incurred of \$19,820; General and administrative costs amounted to \$31,355, a significant increase from the same quarter of the previous year due to the opening of a new Toronto office during the third quarter of Fiscal 2007. The Company also incurred \$13,842 in Listing and regulatory costs, primarily related to the financing completed during the current quarter. The Company also recorded a non-cash Stock option compensation expense of \$5,740, attributable to the value of stock options earned during the current period and a non-cash Amortization expense of \$6,462 for the depreciation of the Company’s capital assets. The Company capitalized \$43,375 of Stock-based compensation expense during the period to Resource Properties, attributable to the value of stock options earned by the Company’s exploration personnel and also capitalized \$1,978 of depreciation expense to Resource Properties during the period.

The Company incurred a currency exchange gain of \$3,586 during the period ended January 31, 2008 relating to its foreign currency transactions. The Company may continue to incur foreign exchange gains and losses arising from changes in the value of Mexican and U.S. currencies used in the conduct of its business, relative to the Canadian dollar.

The Company plans to continue its current level of operating activity and anticipates cash operating costs of \$0.4 million to \$0.5 million per quarter during the remainder of Fiscal 2008.

1.5 Summary of Quarterly Results

Expressed in thousands of Canadian dollars, except per share amounts:

	Fiscal 2008	Fiscal 2007				Fiscal 2006		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Jan-08	Oct-07	Jul-07	Apr-07	Jan-07	Oct-06	Jul-06	Apr-06
Revenues	\$ 132	\$ 84	\$ 96	\$ 82	\$ 18	\$ 4	\$ -	\$ -
Net loss	\$ 116	\$ 440	\$ 274	\$ 252	\$ 146	\$ 102	\$ 53	\$ 94
Basic & diluted net loss per share	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.05
Total assets	\$ 20,573	\$ 13,902	\$ 13,917	\$ 14,259	\$ 4,488	\$ 2,148	\$ 2,557	\$ 1,449

This financial data has been prepared in accordance with Canadian generally accepted accounting principles, and all figures are stated in Canadian dollars.

Prior to Linear Gold's reorganization and distribution of the Company's shares on June 26, 2006, the Company was a wholly-owned subsidiary of Linear Gold, and prior to March 2006, the Company was inactive. As discussed in section 1.3, the Company received its mineral properties during the second quarter of Fiscal 2006. As such, the quarterly asset amounts reported for the first quarter of Fiscal 2006 represent "carve-out" amounts and represent estimates made by management of the "carve-out" assets at that time.

1.6 Liquidity and Capital Resources

As of January 31, 2008, the Company had working capital of \$10.3 million. During the three-month period ended January 31, 2008, the Company used \$0.2 million of its working capital to fund operating expenses. Net cash Resource Property expenditures for the current period, including sales taxes recoverable on resource property expenditures, totalled \$2.5 million and were funded from the Company's working capital.

During the three-month period ended January 31, 2008, financing activities resulted in net cash proceeds of \$6.8 million to the Company. The Company issued a total of 4,122,841 common shares, including 4,047,841 shares issued in connection with the Company's flow-through financing completed on November 6, 2007 (see section 1.13) and 75,000 shares issued upon the exercise of stock options. Total financing costs during the period were approximately \$0.6 million, including \$0.2 million in cash share issuance costs and \$0.4 million in non-cash costs.

The Company is planning total resource property expenditures of approximately \$10.0 million during Fiscal 2008, which will be funded from working capital. In the future, the Company expects to rely on additional equity financings and/or entering into joint venture arrangements in order to continue exploration on its properties. There can be no assurance that the Company will be able to obtain the required financing, and the failure to do so could result in the loss of its interest in its resource properties.

1.7 Off-Balance Sheet Arrangements

At January 31, 2008, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.8 Evaluation of Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of January 31, 2008. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and

procedures, as defined in Multilateral Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*, are designed effectively to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized, and reported within the time period specified in those rules.

During the process of review and evaluation, it was determined that the Company's disclosure controls and procedures were operating effectively as at January 31, 2008.

1.9 Design of Internal Controls

The Company evaluated the design of its internal controls and procedures over financial reporting, as defined under Multilateral Instrument 52-109, for the period ended January 31, 2008. This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer, with the assistance of other corporate personnel to the extent necessary or appropriate. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of these internal controls and procedures over financial reporting was effective.

The Company has very limited administrative staffing and in many instances, the implementation of internal controls relying on segregation of duties is not possible. The Company relies on senior management review and approval to ensure that the controls are as effective as possible.

1.10 Critical Accounting Estimates

Critical accounting estimates used in the preparation of the consolidated financial statements include the value of stock-based compensation and the Company's estimate of recoverable value of its mineral properties and related deferred expenditures. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and the financial objectives of the stock-based instrument holders.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors, including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

1.11 Transactions with Related Parties

There were no transactions with related parties during the three-month period ended January 31, 2008.

1.12 Financial Instruments and Other Risks

The Company's financial instruments consist of cash, receivables and accounts payable. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments, with the exception of the sales taxes recoverable. Virtually all of the sales taxes recoverable are with a government in a foreign jurisdiction. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

In conducting its business, the principal risks and uncertainties faced by the Company relate to exploration and development success as well as metal prices and market sentiment to a lesser extent.

Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Company relies on equity financing for its long-term working capital requirements and to fund its exploration programs. The Company does not have sufficient funds to put any of its resource interests into production from its own financial resources. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

1.13 Outstanding Share Data

a) Common Shares

The Company has authorized an unlimited number of common shares without par value.

At January 31, 2008, the Company had issued and outstanding 37,982,693 common shares with a recorded value of \$18,830,100.

At March 13, 2008, the Company had issued and outstanding 37,982,693 common shares.

On November 6, 2007, the Company completed a brokered private placement financing of 3,900,000 flow-through common shares at a price of \$1.80 per flow-through share, for aggregate gross proceeds of \$7,020,000. In connection with the financing, the Company incurred total issue costs of \$617,496, comprised of an agents' commission of \$386,100, representing 5.5% of the gross proceeds, legal and other fees of \$116,736 and the issuance of 234,000 agents' compensation options to purchase 234,000 common shares, exercisable at \$1.80 per compensation option until May 6, 2009 and valued at \$114,660. A portion of the agents' commission was paid through the issuance of 147,841 non flow-through common shares valued at \$266,114.

The Company is required to spend funds raised through the issuance of flow-through shares on qualified Canadian mineral exploration expenditures, as defined by Canadian income tax legislation, prior to December 31, 2008. The gross proceeds received from the flow-through financing, less the qualified expenditures made to date, are being held by the Company for such expenditures.

Consistent with the consensus reached in the CICA's Emerging Issues Committee Abstract - 146, which suggests that future tax liabilities associated with the issuance of flow-through shares should be recognized as a reduction of shareholders' equity at the time the Company files the renouncement documents with the tax authorities, the Company expects to recognize the future tax impact associated with the issuance of the flow-through shares during the second quarter of Fiscal 2008.

b) Warrants

At January 31 and March 13, 2008, the Company had 5,026,000 warrants outstanding with a value of \$1,944,336, with each warrant entitling the holder to purchase a common share at an average exercise price of \$1.81 per share.

c) Stock Options

At January 31 and March 13, 2008, the Company had 3,272,500 stock options outstanding exercisable into common shares of the Company at an average exercise price of \$1.07 per share.

1.14 Deferred Resource Property Expenditures

Details of the Company's Deferred Resource Property Expenditures during the three-month period ended January 31, 2008 are included in Schedule "A".

During Fiscal 2006, the Company acquired interests in the Cobre Grande and the La Morena properties, located in Mexico, and the Seymour Lake and KM61 properties, located in Canada, through a series of reorganization transactions with Linear Gold. The series of transactions resulted in the Company issuing 21,452,780 units, comprised of 17,162,223 common shares and 2,145,278 warrants of the Company, and cash of \$14,099 to complete the Reorganization.

The transfer of interests in these Resource Properties to the Company through the reorganization transactions with Linear Gold did not result in a substantive change in ownership and therefore, in accordance with Canadian generally accepted accounting principles, the assets were recorded at Linear Gold's carrying value of \$1,100,017, comprised of \$494,721 related to the Company's La Morena property and \$565,183 related to Seymour Lake and KM61 ("Carve-out Carrying Value). The Company is earning an 80% interest in the Cobre Grande purchase option agreement from Linear Gold, and Linear Gold has retained a 20% interest in the purchase option agreement which the Company can acquire for US\$1.2 million prior to December 31, 2008. Accordingly, the Company's expenditures on the Cobre Grande project reflect the actual expenditures by the Company and there are no related Carve-out Carrying Values for the property.

During the period ended January 31, 2008, the Company incurred Deferred exploration expenditures of \$2.5 million, 57% of which were incurred in Mexico, with 51% of the total related to the Cobre Grande Project and 6% related to the Ecatepec Project. The Company incurred \$1.0 million, or 42% of its total net exploration expenditures, on the KM61 Project in Ontario, Canada. Net geology and drilling expenditures on all properties totalled approximately \$2.1 million, representing over 86% of the total resource property expenditures incurred during the year.

The Company plans to increase its level of exploration activities in Fiscal 2008, with a continued focus on its most advanced properties, Cobre Grande and KM61. The Company is planning total project expenditures of \$10.0 million during Fiscal 2008.

Cobre Grande

The Company began a 10,000 metre drilling program at Cobre Grande during the current quarter, completing 14 holes and 5,200 metres of drilling to January 31, 2008. Beginning with hole CG-40B drilled in August 2007, Linear drilled primarily west dipping holes resulting in a significant increase in the consistency in the alteration and mineralization encountered over an ever expanding strike length. The improvement in results was dramatic, with most holes now cutting across the mineralized skarn instead of drilling sub-parallel to the skarn. While assays are pending for holes CG-58 to CG-69, it appears well mineralized over a minimum strike of 1,300 metres. Just as significant, drill holes in the skarn resulted in the discovery of a molybdenite stockwork zone foot wall to the skarn. Previous drilling from west to east resulted with holes passing above this significant mineralized zone.

An updated 43-101 report on the Cobre Grande Project was released in September 2007, and the Company plans to produce a 43-101 compliant resource calculation during the second quarter of Fiscal 2008. The updated 43-101 report is available on SEDAR and on the Company's website.

The Company fulfilled its work commitments on the property during Fiscal 2007 but will be required to make payments of US \$90,000 in each of March 2008 and 2009 in order to earn its 80% interest in the Cobre Grande purchase option. The Company's required payment of US \$90,000 relating to March 2008 was made subsequent to the end of the current quarter. The Purchase Option entitles the holder(s) to acquire the property from the Community of San Baltazar Guelavila (the "Community"), the underlying owner of the concessions. The final purchase payment will be determined by the Community, which can choose between a US \$12.0 million buyout, a 2% net smelter return ("NSR") royalty, or a 15% carried joint venture interest in any future mining projects from the concession. The Company also holds an option to acquire the remaining 20% interest in the Purchase Option from Linear Gold at any time prior to December 31, 2008, for US\$1.2 million.

KM61

The Company initiated work on its 100%-owned KM61 molybdenum project, located near Armstrong, Ontario, during Fiscal 2007. Work began with a 700 metre trenching program and the sampling of 1,294 metres of core from sections of old holes left unsampled by Falconbridge and Noranda. The trenching and core sampling program successfully expanded the area with superior grade molybdenum-copper-silver mineralization. A 4,000 metre Phase I drill program was completed in 2007, with 16 holes and 4,000 metres drilled. The Company initiated a 25,000 metre drill program during the current quarter, completing 15 holes and 4,770 metres of drilling to January 31, 2008. The Company's intention is to advance the KM61 property towards a 43-101 compliant resource calculation during calendar 2008.

During Fiscal 2007, the Company received notice from Falconbridge that it would not maintain its interest in the KM61 property and accordingly, the Company regained a 100% interest in the property, subject to a 0.5% NSR over the majority of the property, with the balance subject to a 3% NSR. The Company can repurchase 50% of the 0.5% NSR for \$250,000 and/or 50% of the 3% NSR for \$1,000,000.

Other

During the current quarter, in December 2007, the Company acquired the Stenlund Molybdenum Property, located approximately 100 kilometres north of Thunder Bay, Ontario, Canada, pursuant to an option agreement at a cost of \$20,830 as an initial cash payment and additional staking costs. An initial recce soil survey was completed during the current quarter, and management expects detailed exploration activities, including mapping, prospecting, soil sampling, trenching, and an IP survey, to begin on the property during the second quarter of Fiscal 2008.

Subsequent to the end of the period in February 2008, the Company acquired the Bateman Ni-Cu-PGE Property, located 50 kilometres west of Thunder Bay, Ontario, Canada, pursuant to an option agreement at an initial cost of \$10,000. Management expects exploration activities, including mapping, prospecting, soil sampling, and trenching to begin on the property during the second quarter of Fiscal 2008.

1.15 Management Changes

In December 2007, the Company announced the appointments of Mr. Brian MacEachen as President and Chief Operating Officer and Mr. Keith Abriel as Vice-President and Chief Financial Officer of the Company. Mr. MacEachen has served as the Vice-President and Chief Financial Officer of Linear Gold Corp. and the Company since January 2004 and June 2006, respectively, and is an experienced mining executive with over 18 years of industry experience. Mr. Abriel is a Chartered Accountant and CFA Charter holder who brings over 12 years of financial experience in a broad range of sectors to the Company.

1.16 Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.

LINEAR METALS CORPORATION

Schedule "A"

Schedule of Resource Properties
for the three-month period ending January 31, 2008**Details of Resource Properties**

	Cobre Grande Mexico	La Morena Mexico	Ecatepec Mexico	Mexico Other	KM61	Seymour Lake and Other	Total 31-Jan-08
Mineral Properties							
Balance, beginning of year	\$ 102,989	\$ 203,241	\$ 157,601	\$ -	\$ 22,297	\$ 59,107	\$ 545,235
Expenditures during year	10,964	680	12,182	1,212	-	20,830	45,868
Balance, end of year	<u>113,953</u>	<u>203,921</u>	<u>169,783</u>	<u>1,212</u>	<u>22,297</u>	<u>79,937</u>	<u>591,103</u>
Deferred Exploration expenditures:							
Drilling	900,110	-	105,057	-	765,705	-	1,770,872
Geochemistry	470	-	-	-	9,545	1,350	11,365
Geology	154,416	935	191	1,110	197,180	7,500	361,332
Geophysics	-	-	-	-	25,894	-	25,894
Property evaluation	68,205	1,754	598	-	-	496	71,053
Road Construction	56,116	-	-	-	10,879	-	66,995
Supervision	23,325	-	20,562	-	17,588	-	61,475
Surveying	-	-	-	-	-	-	-
Trenching	32,000	-	-	-	12,107	-	44,107
	<u>1,234,642</u>	<u>2,689</u>	<u>126,408</u>	<u>1,110</u>	<u>1,038,898</u>	<u>9,346</u>	<u>2,413,093</u>
Balance, beginning of year	<u>3,528,462</u>	<u>849,259</u>	<u>493,039</u>	<u>(42,955)</u>	<u>1,145,494</u>	<u>519,880</u>	<u>6,493,179</u>
	<u>4,763,104</u>	<u>851,948</u>	<u>619,447</u>	<u>(41,845)</u>	<u>2,184,392</u>	<u>529,226</u>	<u>8,906,272</u>
Costs written off	-	-	-	-	-	-	-
Balance, end of year	<u>4,763,104</u>	<u>851,948</u>	<u>619,447</u>	<u>(41,845)</u>	<u>2,184,392</u>	<u>529,226</u>	<u>8,906,272</u>
Mineral properties and deferred exploration expenditures	<u>\$ 4,877,057</u>	<u>\$ 1,055,869</u>	<u>\$ 789,230</u>	<u>\$ (40,633)</u>	<u>\$2,206,689</u>	<u>\$ 609,163</u>	<u>\$ 9,497,375</u>