

**LINEAR METALS CORPORATION**  
**Management Discussion and Analysis**  
**Quarterly Report – July 31, 2008**

*This Management Discussion and Analysis of Linear Metals Corporation (the “Company”) provides analysis of the Company’s financial results for the nine-month period ended July 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 September 11, 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 seven properties, including three 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 this financing to fund exploration activities in Canada.

During the nine-month period ended July 31, 2008, the Company incurred a loss before income taxes of \$1.9 million, which is approximately \$1.2 million greater than the \$0.7 million loss before income taxes incurred by the Company during the same period in the previous year and, after taxes, has recognized net income of \$0.1 million as compared to a net loss of \$0.7 million in the prior year. The significant change in the loss before income taxes was primarily attributable to a \$0.8 million write-down of resource properties and the change in net income was attributable to a future income tax recovery of \$1.9 million arising from the renunciation of eligible exploration expenditures related to the issuance of flow through shares. The Company continues to have no revenue-producing operations and anticipates its operating losses to be approximately \$1.6 million during fiscal 2008 as the Company has increased 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 Corp. (“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.

The reorganization resulted in the distribution of 100% of the Company’s shares by Linear Gold in June 2006 and since then the Company has operated 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 \$1.6 million during fiscal 2008. The Company’s net loss in fiscal 2008 will be significantly impacted by any write-downs or abandonments of any resource properties and the future income tax effects associated with the issuance of flow-through common shares.

### 1.4 Results of Operations

#### Three-months ended July 31, 2008

During the three-month period ended July 31, 2008, the Company had a net loss of \$0.5 million. The cash balance decreased by approximately \$2.9 million during the quarter, the result of continuing exploration activities focused on the Cobre Grande and KM61 properties. The Company’s operating expenses during the period totaled \$0.6 million, an increase of 87% from the previous year due primarily to increased investor relations and marketing and stock-based compensation expenses. Significant operating expenses included \$134,415 in management salaries and services, including 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 totaled \$171,285, an increase of 521% from the previous year, as a result of significantly increased investor relations and marketing activities during the quarter. The Company recorded non-cash stock option compensation expense of \$75,439 attributable to the value of stock options earned during the current period, a significant increase from the previous year as a result of an increase in the number and estimated value of the options granted, and a non-cash amortization expense of \$5,173 for the depreciation of the Company’s capital assets. The Company capitalized \$29,196 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 \$8,480 of depreciation expense to Resource Properties during the period.

The Company incurred a currency exchange gain of \$68,561 during the period ended July 31, 2008 relating to its foreign currency transactions and primarily a result of the strengthening of the Mexican peso relative to the Canadian dollar during the period. 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 is carefully monitoring its current level of operating activity and anticipates cash operating costs of \$0.2 million to \$0.3 million during the final quarter of fiscal 2008.

### Nine-months ended July 31, 2008

During the nine-month period ended July 31, 2008, the Company recognized net income of \$0.1 million largely due to the future income tax effects associated with the issuance of the flow-through common shares. The Company's operating expenses during the period totaled \$1.5 million, an increase of 95% over the previous year's comparable period, due primarily to an increase in financing costs relating to flow-through funds to be spent over the balance of the year, as well as investor relations and marketing, general and administrative expenses and stock-based compensation expenses. Significant operating expenses included \$412,414 in management salaries and services, including director insurance premiums, accrued director fees, and a total of \$90,000 paid to Linear Gold during the current period pursuant to the Management Services Agreement noted above. Investor relations and marketing expenses during the period totaled \$396,975, an increase of 332% from the previous year as a result of significantly increased investor relations and marketing activities during the period. General and administrative costs amounted to \$117,360, 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 recorded a non-cash stock option compensation expense of \$175,137 attributable to the value of stock options earned during the current period, a significant increase from the previous year as a result of an increase in the number and estimated value of the options granted, and a non-cash amortization expense of \$18,869 for the depreciation of the Company's capital assets. The Company capitalized \$117,789 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 \$12,436 of depreciation expense to Resource Properties during the period.

During the nine-month period, the company incurred a property write-off expense of \$751,313 related to termination of its option on the Ecatapac property in Mexico. The Company will continue to review its portfolio of resource properties and write-down the carrying costs of any properties considered to be impaired in value.

The Company incurred a currency exchange gain of \$111,907 during the period ended July 31, 2008 relating to its foreign currency transactions and primarily a result of the strengthening of the Mexican Peso relative to the Canadian dollar during the period. 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.

## 1.5 Summary of Quarterly Results

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

	Fiscal 2008			Fiscal 2007			Fiscal 2006	
	Q3 Jul-08	Q2 Apr-08	Q1 Jan-08	Q4 Oct-07	Q3 Jul-07	Q2 Apr-07	Q1 Jan-07	Q4 Oct-06
Revenues	\$ 39	\$ 74	\$ 132	\$ 84	\$ 96	\$ 82	\$ 18	\$ 4
Net income (loss)	\$ (450)	\$ 641	\$ (116)	\$ (440)	\$ (274)	\$ (252)	\$ (146)	\$ (102)
Basic net income (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.00
Fully diluted net income (loss) per share	\$ (0.01)	\$ 0.01	\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.00
Total assets	\$ 19,138	\$ 19,343	\$ 20,573	\$ 13,902	\$ 13,917	\$ 14,259	\$ 4,488	\$ 2,148

*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.

## **1.6 Liquidity and Capital Resources**

As of July 31, 2008, the Company had working capital of \$3.8 million, of which, as a result of the issuance of the flow-through shares, approximately \$1.7 million is required to be spent on qualifying Canadian Exploration Expenditures and Canadian Development Expenditures by the Company prior to December 31, 2008. During the nine-month period ended July 31, 2008, the Company used \$0.8 million of its working capital to fund operating expenses. Net cash Resource Property expenditures for the nine-month period, including sales taxes recoverable on resource property expenditures, totalled \$8.6 million and were funded from the Company's working capital.

During the nine-month period ended July 31, 2008, financing activities resulted in net cash proceeds of \$6.8 million to the Company. The Company issued a total of 4,140,341 common shares, including 4,047,841 shares issued in connection with the Company's flow-through financing completed on November 6, 2007 (see section 1.14) and 92,500 shares issued upon the exercise of stock options. Total share issuance 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. As described in section 1.14, during February 2008, with an effective date of December 31, 2007, the Company renounced the qualifying Canadian exploration expenditures to investors. The renunciation reduced the future tax assets of the Company, which had previously been subject to a full valuation allowance, by \$1,930,000 and has been recorded as a reduction of share capital on the balance sheet and a recovery of future income tax assets on the statement of operations. The Company has also accrued financing costs arising from Part XII.6 Tax associated with the flow-through shares of \$101,000 for the nine-months ended July 31, 2008.

The Company is planning total resource property expenditures of approximately \$10 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 July 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 July 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 July 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 July 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 nine-month period ended July 31, 2008.

## **1.12 Changes in Accounting Policies**

Effective November 1, 2007, the Company adopted the following new accounting standards issued by the Accounting Standards Board: (i) Section 1535 - Capital Disclosures; (ii) Section 3862 - Financial Instruments - Disclosures; and Section 3863 - Financial Instruments – Presentation.

Section 1535 - Capital Disclosures establishes disclosure requirements about an entity's capital and how it is managed to enable users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Section 3862 - Financial Instruments – Disclosures describes the required disclosures related to the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks.

Sections 3863 - Financial Instruments – Presentation establishes standards for presentation of financial instruments and non – financial derivatives.

As required by the transitional provisions, these new standards have been applied without restatement of prior period amounts. The Company has incorporated the new standards into its July 31, 2008 interim financial statements.

In February 2008 the Canadian Accounting Standards Board announced that accounting standards in Canada are to converge with International Financial Reporting Standards (“IFRS”) and companies will begin reporting, with comparative data, under IFRS for fiscal years beginning on or after January 1, 2011. While IFRS is based on a conceptual framework similar to Canadian GAAP, there are significant differences with respect to recognition, measurement and disclosure which the Company is beginning to assess. The Company will commence reporting under the new standards on November 1, 2011. The Company has begun to assess the impact of IFRS on the Company, its information systems and its financial statements.

### **1.13 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.

### **1.14 Outstanding Share Data**

#### **a) Common Shares**

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

At July 31, 2008 and September 11, 2008 the Company had issued and outstanding 38,000,193 common shares with a recorded value of \$16,914,975.

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.

The Company has accounted for the future income tax liabilities associated with the issuance of flow through shares consistent with the consensus reached in the CICA’s Emerging Issues Committee Abstract - 146, which suggests that future tax liabilities associated should be recognized as a reduction of shareholders’ equity at the time the Company files the renouncement documents with the tax authorities. During February 2008, with an effective date of December 31, 2007, the Company renounced the qualifying Canadian exploration expenditures to investors. The renunciation reduced the future tax

assets of the Company, which had previously been subject to a full valuation allowance, by \$1,930,000 and has been recorded as a reduction of share capital on the balance sheet and a recovery of future income tax assets on the statement of operations. During the nine-month period ended July 31, 2008, the Company accrued Part XII.6 Tax associated with the flow-through shares of \$101, 000.

b) Warrants

At July 31, 2008 and September 11, 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, expiring February 22, 2009

c) Stock Options

At July 31 and September 11, 2008, the Company had 3,227, 500 stock options outstanding exercisable into common shares of the Company at an average exercise price of \$1.07 per share, expiring between August 29, 2009 and May 16, 2013.

d) Agent Options

At July 31, 2008 and September 11, 2008, as noted in section 1.14 a), the company had 234,000 agent options outstanding exercisable into common shares of the Company at an exercise price of \$1.80 per share, expiring May 6, 2009.

### **1.15 Deferred Resource Property Expenditures**

Details of the Company's Deferred Resource Property Expenditures during three and nine-month periods ended July 31, 2008 are included in Schedule "A" and Schedule "B" respectively.

During the nine-month period ended July 31, 2008, the Company incurred deferred exploration expenditures of \$8.2 million, 34% of which were incurred in Mexico, with 30% of the total related to the Cobre Grande Project. The Company incurred \$5.3 million, or 64% of its total net exploration expenditures, on the KM61 Project in Ontario, Canada. Net geology and drilling expenditures on all properties totaled approximately \$7.2 million, representing over 88% of the total resource property expenditures incurred during the period.

During the three-month period ended July 31, 2008, the Company incurred deferred exploration expenditures of \$2.8 million, 23% of which were incurred in Mexico. Substantially all of the exploration expenditures incurred in Mexico were incurred on the Cobre Grande Project. The Company incurred \$2.0 million, or 73% of its total net exploration expenditures, on the KM61 Project in Ontario, Canada. Net geology and drilling expenditures on all properties totalled approximately \$2.4 million, representing over 85% of the total resource property expenditures incurred during the period.

The Company is planning total project expenditures of \$10 million during fiscal 2008 with a continued focus on its most advanced properties, Cobre Grande and KM61.

#### **Cobre Grande**

The Company has completed a total of 31 holes and approximately 7,900 metres of drilling during the nine-month period ended July, 2008 and has completed the current drill program subsequent to July 31, 2008. Holes CG-67 and CG-69 have extended mineralization 200 metres beyond the limit of the resource encompassed by the 43-101 resource taking the full strike of the Main Zone to 1600 metres. Also, the second hole in the El Oso Zone, (previously referred to as the Northwest Skarn), Hole CG-68, located 600 metres east of the north end of the Main Zone, has returned 228 metres of 0.91% copper equivalent starting at 29 metres, representing a new discovery. Drilling activities in the current quarter focused on the El Oso Zone, with CGRC-18 returning 132 metres of 1.12% copper equivalent and CGRC-19 returning 52 metres of 1.08% copper equivalent, extending the mineralized strike of the El Osos Zone to 300 metres.

For the nine-month period ended July 31, 2008, the Company incurred total costs of \$2.5 million, including drilling costs of \$1.4 million at Cobre Grande. For the three-month period ended July 31, 2008, the Company incurred total costs of \$0.6 million, including drilling costs of \$0.3 million at Cobre Grande. The Company expects to spend approximately \$3 million at Cobre Grande in fiscal 2008.

In May 2008, an independent 43-101 compliant Inferred Mineral Resource Estimate for the Main Zone of the Cobre Grande Project was completed. The 49.8 million tonnes of 0.92% Copper Equivalent Inferred Mineral Resource includes in-situ metal quantities of 545 million pounds of copper, 44 million pounds of molybdenum, 243 million pounds of zinc, and 21 million ounces of silver.

The Company can earn up to a 100% interest in the Cobre Grande Purchase Option Agreement. A payment of US \$90,000 was made in March 2008 and a final payment of US\$90,000 will be required in March 2009 in order for the Company to earn an 80% interest in the Cobre Grande Purchase Option (the "Purchase Option"). The Purchase Option, expiring in March 2009, 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 can also acquire the remaining 20% interest in the Purchase Option Agreement, from Linear Gold, at any time prior to December 31, 2008, for US\$1.2 million.

### **KM61**

The Company initiated a 25,000 metre drill program on its 100%-owned KM61 molybdenum project, located near Armstrong, Ontario, during the first quarter and has completed 73 holes and approximately 25,700 metres of drilling to July 31, 2008, representing 33 holes and approximately 10,200 metres drilled during the current quarter. During the quarter the company extended the current drill program by approximately 4,000 metres and currently has two drills operating with one drill targeting in-fill areas of expected near-surface mineralization and the second testing the Main Zone at depth. The Company intends to complete a 43-101 compliant resource calculation on the KM61 project during calendar 2008.

For the nine-month period ended July 31, 2008, the Company incurred total costs of \$5.3 million, including drilling costs of \$4.2 million at KM61. For the three-month period ended July 31, 2008, the Company incurred total costs of \$2.0 million, including drilling costs of \$1.5 million at KM61. The Company expects to spend approximately \$6.2 million at KM61 in fiscal 2008.

The Company holds 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**

In December 2007, the Company acquired the right to earn up to a 100% interest in the Trojeck Lake Property, formally referred to as the Stenlund Property, located approximately 100 kilometres north of Thunder Bay, Ontario, Canada, pursuant to an option agreement with an initial payment of \$15,000 and reimbursement of additional staking costs totaling \$5,083. The Company is targeting molybdenum mineralization on the property and can acquire a 100% interest in the property by incurring expenditures of \$200,000 and making payments aggregating \$80,000 over a three year period ending December 31, 2010, subject to a 2.0% net smelter return royalty. An initial geochemical soil survey was completed and the Company began additional exploration activities during the quarter, collecting a total of 370 soil samples along forestry roads as well as in a series of mini-grids. The Company also completed six trenches, totaling 195 metres, during the quarter and intends to continue with soil sampling and trenching during the final quarter with the objective of identifying drill targets.

In February 2008, the Company acquired the right to earn up to a 100% interest in the Bateman Property, located 50 kilometres west of Thunder Bay, Ontario, Canada, pursuant to an option agreement with an initial payment of \$10,000. The Company is targeting nickel and PGM mineralization on the property and can acquire a 100% interest in the property by incurring expenditures of \$200,000 and making payments aggregating \$70,000 over a three year period, subject to a 2.0% net smelter return royalty. Exploration activities on the Bateman Property commenced during the quarter. A total of 90 soil samples and 17 rock grab samples were collected and seven trenches, totaling 399 metres, were completed during the quarter. The Company expects to continue with trenching and sampling activities during the final quarter of fiscal 2008.

In April 2008, the Company acquired the right to earn up to a 100% interest in the La Trinidad Project, located in Baja California Sur, Mexico, pursuant to an option agreement with an initial payment of US\$20,000. The Company is targeting copper porphyry mineralization on the property and can acquire a 100% interest in the property by making payments aggregating US\$4,000,000 including a final payment of US\$3,720,000 on the fifth anniversary of the agreement, with no

retained royalties by the vendor. In the current quarter, the Company collected a total of 350 soil samples along 13 north-south lines separated every 100 metres, plus an additional four lines spaced at 200 metres for a total strike coverage of nearly two kilometres along the trend of the porphyry system. The Company also carried out detailed geologic mapping over the same area. The combined geology and soil samples results have documented the presence of an outcropping porphyry copper system with 0.1 to 0.4% copper values in soils over the heart of the system.

During April 2008, the Company decided to terminate its option to earn an interest in the Ecatepec Project based on the results of an initial 10 hole 1,200 metre reverse circulation drill program undertaken to test drill targets based on induced polarization and outcropping mineralization, resulting in a write-down of resource properties of \$751,313.

### **1.16 Management Changes**

During the period, the Company announced the appointments of Mr. Brian MacEachen as President and Chief Executive Officer and Mr. Keith Abriel as Vice-President and Chief Financial Officer of the Company. Mr. MacEachen had 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 13 years of financial experience in a broad range of sectors to the Company.

In March 2008, the Company announced the appointment of Dr. James W. Gill to the Board of Directors. Dr. Gill founded Aur Resources Inc, a Canadian-based international mining company, in 1981 and served as the President and Chief Executive Officer of Aur until August 2007 when Aur was acquired by Teck-Cominco Limited.

### **1.17 Other Information**

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**LINEAR METALS CORPORATION**

Schedule "A"

Schedule of Resource Properties

For the three-month period ending July 31, 2008

**Details of Resource Properties**

	Cobre Grande Mexico	La Morena Mexico	Mexico Other	KM61	Seymour Lake and Other	Total July 31, 2008
<b>Mineral Properties</b>						
Balance, beginning of period	\$ 137,048	\$ 203,926	\$ 55,172	\$ 22,297	\$ 91,039	\$ 509,482
Expenditures during period	27,932	710	4,783	-	7,999	41,424
Costs written off	-	-	-	-	-	-
Balance, end of period	<u>164,980</u>	<u>204,636</u>	<u>59,955</u>	<u>22,297</u>	<u>99,038</u>	<u>550,906</u>
<b>Deferred Exploration expenditures:</b>						
Drilling	293,520	-	-	1,502,135	-	1,795,655
Geology	198,563	863	8,091	309,927	46,760	564,204
Geophysics	-	-	-	101,530	20,700	122,230
Property evaluation	47,086	2,332	8,294	-	734	58,446
Road Construction	15,621	-	1,817	2,370	-	19,808
Supervision	34,157	5	-	13,239	6,556	53,957
Trenching	-	-	-	80,411	28,951	109,362
	<u>588,947</u>	<u>3,200</u>	<u>18,202</u>	<u>2,009,612</u>	<u>103,701</u>	<u>2,723,662</u>
Balance, beginning of period	<u>5,341,501</u>	<u>854,465</u>	<u>105,550</u>	<u>4,392,544</u>	<u>539,988</u>	<u>11,234,048</u>
	<u>5,930,448</u>	<u>857,665</u>	<u>123,752</u>	<u>6,402,156</u>	<u>643,689</u>	<u>13,957,710</u>
Costs written off	-	-	-	-	-	-
Balance, end of period	<u>5,930,448</u>	<u>857,665</u>	<u>123,752</u>	<u>6,402,156</u>	<u>643,689</u>	<u>13,957,710</u>
<b>Mineral properties and deferred exploration expenditures</b>	<u>\$ 6,095,428</u>	<u>\$ 1,062,301</u>	<u>\$ 183,707</u>	<u>\$6,424,453</u>	<u>\$ 742,727</u>	<u>\$ 14,508,616</u>

**LINEAR METALS CORPORATION**

Schedule "B"

Schedule of Resource Properties

For the nine-month period ending July 31, 2008

**Details of Resource Properties**

	Cobre Grande Mexico	La Morena Mexico	Ecatepec Mexico	Mexico Other	KM61	Seymour Lake and Other	Total July 31, 2008
<b>Mineral Properties</b>							
Balance, beginning of year	\$ 102,989	\$ 203,241	\$ 123,140	\$ 34,461	\$ 22,297	\$ 59,107	\$ 545,235
Expenditures during year	61,991	1,394	22,261	25,494	-	39,931	151,071
Costs written off	-	-	(145,401)	-	-	-	(145,401)
Balance, end of year	164,980	204,635	-	59,955	22,297	99,038	550,905
<b>Deferred Exploration expenditures:</b>							
Drilling	1,408,562	-	159,751	-	4,180,249	-	5,748,562
Geology	602,721	1,804	43,011	9,201	774,294	65,974	1,497,005
Geophysics	-	-	-	-	144,646	20,700	165,346
Property evaluation	180,360	4,097	29,801	8,294	-	1,230	223,782
Road Construction	91,560	-	1,923	1,817	13,249	-	108,549
Supervision	86,785	2,505	25,781	-	49,418	6,953	171,442
Trenching	32,000	-	-	-	94,806	28,951	155,757
	2,401,988	8,406	260,267	19,312	5,256,662	123,808	8,070,443
Balance, beginning of year	3,528,462	849,259	345,645	104,440	1,145,494	519,880	6,493,180
	5,930,450	857,665	605,912	123,752	6,402,156	643,688	14,563,623
Costs written off	-	-	(605,912)	-	-	-	(605,912)
Balance, end of year	5,930,450	857,665	-	123,752	6,402,156	643,688	13,957,711
<b>Mineral properties and deferred exploration expenditures</b>	<b>\$ 6,095,430</b>	<b>\$ 1,062,300</b>	<b>\$ -</b>	<b>\$ 183,707</b>	<b>\$6,424,453</b>	<b>\$ 742,726</b>	<b>\$ 14,508,616</b>