

SIMBERI MINING CORPORATION
(Formerly Simberi Gold Corporation)
(A Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2007

Following is a discussion and analysis of the activities, results of operations and financial condition of Simberi Mining Corporation ("Simberi" or the "Corporation") for the six months ended June 30, 2007 compared to the same period ended June 30, 2006. The discussion should be read in conjunction with the audited consolidated financial statements of the Corporation for the years ended December 31, 2006 and 2005 and the notes thereto. The Corporation's financial statements and financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise denoted, all amounts discussed herein are denominated in Canadian dollars.

Additional information relating to the Corporation is also available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the name Simberi Mining Corporation.

1.1 The effective date of this report is August 20, 2007

1.2 Overall of operations

The Company

Simberi is a Canadian mineral resource Corporation involved in exploration and development, focused on the acquisition, exploration and development of properties for the mining of precious and base metals internationally. The Corporation has current interests in properties in Western Australia and the Democratic Republic of Congo ("DRC").

On May 11, 2007, Simberi announced that Mr. Julian Fosbery had resigned as Chief Financial Officer and that Mr. Kyle Appleby, CA, had been appointed the new Chief Financial Officer.

In the second quarter Simberi entered into an agreement with Caldera Resources Pty. Ltd. And Ellendale Resources NL whereby Simberi will have the right to earn a 60% interest in the exploration licenses of Mount Sarah and Mount Narlee located in Southern Australia.

In the second quarter Simberi entered into an agreement to acquire all the outstanding shares of SA Drilling Pty. Ltd. ("SA Drilling"). SA Drilling holds a 100% interest in the Lambina project located in Southern Australia.

In the second quarter Simberi finalized the terms of the definitive agreement with Amari Holdings Ltd. for the development of Simberi's Kakanda Copper/Cobalt project in the Democratic Republic of Congo subject to a ratification vote by the shareholders.

Subsequent to the second quarter, on July 4, 2007, Simberi received a preliminary report on the detailed ground gravity survey of its Mount Sarah project in Australia.

At the annual meeting held on July 18, 2007 the following items were approved:

- (a) The following individuals were elected to serve as directors of Simberi for the ensuing year: Michael Newbury, Neil Novak, Geoff Farrar, Maurice Stekel, William Potter, John Cerenzia and Norman Brewster.
- (b) The shareholders approved the joint venture agreement with Amari Holdings Ltd.
- (c) The shareholders approved a resolution to change the current stock option plan to a rolling 10% as compared to a fixed number stock option plan.

On July 26, 2007 Simberi sold its interest in the Mt Elephant project to Korab Resources Limited of Australia.

As at June 30, 2007 Simberi had four wholly owned subsidiaries being Novaking Pty Ltd. ("Novaking"), New Congo Resources Development Company Inc. ("New Congo"), Alive International Holdings and Optima Pharmaceuticals Inc. Novaking and its wholly-owned subsidiaries Renaissance Corporation Pty Ltd. and SA Drilling Pty. Ltd are involved in various projects in Western Australia. New Congo and its wholly owned subsidiary PTM Minerals (Cayman) Ltd. are

involved in the DRC projects. Alive International Holdings (“Alive”) and Optima Pharmaceuticals Inc. (“Optima”) have been inactive since 2004.

Mineral Properties

A historical overview of the Company’s exploration properties together with current exploration activities and planned future objectives for each property are explained in section 5.3.

Overall Performance

The company had a net loss for the six months ended June 30, 2007 of \$(976,786) compared to a net income of \$232,184 for the six months ended June 30, 2006. This is primarily due to a gain on disposition of an investment of \$766,752 reported in the six months ended June 30, 2006 and the foreign exchange gain of \$272,034 also reported in the six months ended June 30, 2006.

Assets decreased from \$8,865,225 at December 31, 2006 to \$8,198,005 at June 30, 2007. The decrease is primarily due to cash used for operating activities. Cash Decreased from \$5,316,953 at December 31, 2006 to \$2,856,264 at June 30, 2007 as a result of cash used in operating activities of \$739,270, cash spent on mining interests in the amount of \$845,239 and cash used on investments of \$1,150,000.

1.3 Selected Financial Information

| | Three Months Ended June 30 (unaudited), | | Six Months Ended June 30 (unaudited), | |
|---|--|-----------|--|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| Statement of Operations: (unaudited) | | | | |
| Revenue | \$ - | \$ - | \$ - | \$ - |
| Net loss for the period | (507,400) | 383,246 | (976,786) | 232,184 |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.01) | 0.00 |
| Cash used in operating activities | (510,768) | (586,973) | (739,270) | (598,626) |
| Cash used in investing activities | (157,099) | 402,542 | (1,731,559) | (762,777) |
| Cash flows from financing activities | 5,362 | 46,876 | 10,140 | 242,632 |
| Decrease in cash during the period | (662,505) | (137,555) | (2,460,689) | (1,118,771) |

| | June 30, 2007 (unaudited) | December 31, 2006 (audited) |
|--|---------------------------------|-----------------------------------|
| Total Assets | \$ 8,198,005 | 8,865,225 |
| Total long term financial liabilities | 0 | 0 |
| Cash dividends declared for all classes of shares | 0 | 0 |

Financial Condition

| | June 30, 2007 (unaudited) | December 31, 2006 (audited) |
|--|---------------------------------|-----------------------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,856,264 | \$ 5,316,953 |
| Sundry receivable | 148,960 | 14,954 |
| Prepaid expenses | 3,961 | 26,921 |
| Exploration contract advances | 35,184 | - |
| Due from related party | 25,499 | 30,539 |
| Loan receivable | 53,170 | 58,270 |
| Investment in Gaelic Gold Corporation | 250,000 | - |
| Financial assets available-for-sale | 563,202 | - |
| | 3,936,240 | 5,447,637 |
| Equipment, net of accumulated amortization | 6,232 | 7,294 |
| Mining interests | 4,255,533 | 3,410,294 |
| | \$ 8,198,005 | \$ 8,865,225 |

Liabilities and Shareholders' Equity

Current Liabilities:

| | | |
|--|------------|-----------|
| Accounts payable and accrued liabilities | \$ 100,921 | \$ 79,045 |
|--|------------|-----------|

Shareholders' Equity

| | | |
|--|--------------|--------------|
| Share Capital | 10,067,042 | 10,067,042 |
| Warrants | 2,956,906 | 2,956,906 |
| Contributed Surplus | 1,555,738 | 1,238,248 |
| Accumulated other comprehensive income | (29,800) | - |
| Deficit | (6,452,802) | (5,476,016) |
| | 8,097,084 | 8,876,180 |
| | \$ 8,198,005 | \$ 8,865,225 |

1.4 Results of Operations

Revenue

The exploration properties acquired by the Company are still in the early exploration and development stage. Until sufficient work has been completed to confirm the feasibility of any specific interest being placed into production, it is not anticipated that the Corporation will have any material revenue. No revenues from the properties have been reported for the six months ended June 30, 2007 and the comparable periods ended June 30, 2006.

Other Items

During the six months ended June 30, 2007 the Company earned interest income of \$74,604 (2006 - \$81,220), \$50,600 (2006: \$50,926) of which was earned in the second quarter. During the second quarter the company sold some short term investments at a loss of \$8,136. In the comparable quarter for 2006 the Company recorded a gain of \$654,707 on the sale of investments.

Analysis of Expenses

| | Three months Ended June 30, 2007 | % of 2007 Total % | Three months Ended June 30, 2006 | Change % |
|-----------------------------------|-------------------------------------|-------------------------|-------------------------------------|-------------|
| Accounting and corporate services | \$5,000 | 0.91% | \$12,751 | (60.79)% |
| Filing fees | 4,496 | 0.82% | 2,199 | 104.46% |
| Foreign exchange | 5,371 | 0.98% | (272,829) | NM |
| General and administration | 199,268 | 36.24% | 175,990 | 13.23% |
| Legal and audit | 65,641 | 11.94% | 17,773 | 269.33% |
| Management and consulting | 104,750 | 19.05% | 296,777 | (64.70)% |
| Investor relations | 13,400 | 2.44% | 10,473 | 27.95% |
| Stock based compensation | 151,637 | 27.58% | 78,990 | 91.97% |
| Amortization | 301 | 0.04% | 263 | 14.45% |
| TOTAL | \$549,864 | 100% | \$322,387 | 70.56% |

NM – not meaningful

During the three month period ended June 30, 2007 expenses were \$549,864 compared to \$322,387 for the comparable period ended June 30, 2006. The primary items contributing to the increase were the foreign exchange loss of \$5,371 compared to the foreign exchange gain of \$272,826 in the comparable period, the payment of a management bonus in the amount of \$150,000 in the comparative period and stock-based compensation expense (a non-cash item) of \$151,637 related to the issue of stock options.

The components of office and general in the amount of \$199,268 (2006 - \$175,990) are broken out in section 5.3 (b). The main item contributing to the increase is travel and promotion which included traveling abroad for meetings relating to the Company's projects in the Democratic Republic of Congo and Australia and an increase in costs associated with the promotion of the Company.

Included in legal and audit expense of \$65,641 for the three months ended June 30, 2007 (2006 - \$17,773) are legal fees of 34,729 (2006 - \$17,773) and audit related fees of \$30,912 (2006 - \$nil). The increase in legal fees was due to fees relating to finalizing the Amari joint venture agreement, as well as fees relating to the Companies transactions on its Australian interests. Audit fees for the three months ended June 30, 2007 consist of a \$10,000 audit accrual for the current fiscal year, and an underaccrual of \$20,912 from the previous year.

For the three months ended June 30, 2007 management and consulting fees were \$104,750 (2006 - \$296,777). This amount consists of \$30,000 (2006 - \$30,000, bonus \$150,000) in management services charged by Porphyry Inc., a corporation controlled by Mike Newbury who is CEO and director of the Company (see section 1.9), \$16,500 (2006 - \$18,000) in CFO consulting fees, \$20,350 (2006 - \$22,575) for corporate administrative and secretarial services, and \$37,900 (2006 - \$20,204) to consultants for general business consulting and advisory on the Company's structuring and development of its projects in Australia and the Democratic Republic of Congo. Management and consulting fees decreased during the three months ended June 30, 2007 compared to 2006 as no management bonus was paid in the second quarter compared to \$150,000 paid in the comparable period, and the Company reduced the need for outside consultants.

Investor relations of \$13,400 consist of final payments to independent consulting firms in Canada and the United States to promote the business and shareholder interests of the company. Contracts with these parties began in 2006 and ended in the second quarter of 2007.

As at June 30, 2007, a total of 13,585,000 (December 31, 2006 - 17,085,000) stock options were issued to directors, officers and consultants. During the three months period ended June 30, 2007 a total of \$151,637 was expensed with respect to that portion of the options vesting during the quarter (2006 - \$78,990). The balance of the options that have not vested will be expensed during the quarter in which such vesting occurs. The stock option expense is based on a Black Scholes valuation model that recognizes the expense over the term of the vesting period (quarterly over 18 months from the grant date). Assuming that the individuals to whom options were granted continue to provide services to the Company and remain qualified under the provisions of the Stock Option Plan, the total expense to be recognized over the vesting period will be \$1,567,319. The stock option expense does not affect the cash resources of the Company.

Analysis of Expenses

| | Six months Ended June 30, 2007 | % of 2007 Total % | Six months Ended June 30, 2006 | Change % |
|-----------------------------------|-----------------------------------|-------------------------|-----------------------------------|---------------|
| Accounting and corporate services | \$9,800 | 0.94% | \$19,066 | (48.60)% |
| Filing fees | 10,989 | 1.05% | 8,509 | 29.15% |
| Foreign exchange | 7,876 | 0.75% | (272,034) | NM |
| General and administration | 278,084 | 26.66% | 224,602 | 23.81% |
| Legal and audit | 89,161 | 8.55% | 38,551 | 131.28% |
| Management and consulting | 208,527 | 19.99% | 378,256 | (44.87)% |
| Investor relations | 120,265 | 11.53% | 31,469 | 282.17% |
| Stock based compensation | 317,490 | 30.43% | 186,878 | 69.89% |
| Amortization | 1,062 | 0.10% | 491 | 116.29% |
| TOTAL | \$1,043,254 | 100% | \$615,788 | 69.42% |

During the six month period ended June 30, 2007 expenses were \$1,043,254 compared to \$615,788 for the comparable period ended June 30, 2006. The primary items contributing to the increase were the foreign exchange loss of 7,876 compared to the foreign exchange gain of \$272,034 in the comparable period, the payment of a management bonus in the amount of \$150,000 in the comparative period and stock-based compensation expense (a non-cash item) of \$317,490 relating to the issue of stock options.

Foreign exchange loss of \$7,876 is the result of the translation of Australian dollars to Canadian (relating to the work done in Australia) and the translation of US dollars to Canadian (relating to work done in the Congo).

The components of office and general in the amount of \$278,084 (2006 - \$224,602) are broken out in section 5.3 (b). The main item contributing to the increase is travel and promotion which include costs for travel abroad for meetings related to the Company's projects in the Democratic Republic of Congo and Australia, and promotional costs which include a valuation and research report and other promotional activities.

Included in legal and audit expense of \$89,161 for the six months ended June 30, 2007 (2006 - \$38,551) are legal fees of 48,249 (2006 - \$27,875) and audit related fees of \$40,912 (2006 - \$10,676). The increase in legal fees was due to fees relating to the Amari joint venture agreement, fees relating to the Company's transactions on its interests in Australia, as well as other general business matters. Audit fees for the six months ended June 30, 2007 consist of a \$20,000 audit accrual for the current fiscal year, and an underaccrual of \$20,912 from the previous year.

For the three months ended June 30, 2007 management and consulting fees were \$208,527 (2006 - \$378,526). This amount consists of \$60,000 (2006 - \$60,000, bonus \$150,000) in management services charged by Porphyry Inc., a corporation controlled by Mike Newbury who is CEO and director of the Company (see section 1.9), \$33,500 (2006 - \$18,000) in CFO consulting fees, \$34,500 (2006 - \$22,575) for corporate administrative and secretarial services, and \$73,271 (2006 - \$127,951) for general business consulting and advisory on the Company's structuring and development of its projects in Australia and the Democratic Republic of Congo. Management and consulting fee decreased during the six months ended June 30, 2007 compared to 2006 as no management bonus was paid in the first two quarters compared to \$150,000 paid in the comparable period, and the Company reduced the need for outside consultants.

Investor relations increased to \$120,265 (2006: \$31,469) as the company advanced its business plan and contracted independent consulting firms in Canada and the United States to promote the business and shareholder interests of the company. These contracts ended in the second quarter and therefore this expense is expected to decrease in the next two quarters.

As at June 30, 2007, a total of 13,585,000 (December 31, 2006 – 17,085,000) stock options were outstanding to directors, officers and consultants. During the six months period ended June 30, 2007 a total of \$311,865 was expensed with respect to that portion of the options vesting during the quarter (2006 - \$186,878). The balance of the options that have not vested will be expensed during the quarter in which such vesting occurs. The stock option expense is based on a Black Scholes valuation model that recognizes the expense over the term of the vesting period (quarterly over 18 months from the grant date). Assuming that the individuals to whom options were granted continue to provide services to the Company and remain qualified under the provisions of the Stock Option Plan, the total expense to be recognized over the vesting period will be \$1,567,319. The stock option expense does not affect the cash resources of the Company.

1.5 Quarterly Information

| | QTR 2 2007 | QTR 1 2007 | QTR 4 2006 | QTR 3 2006 | QTR 2 2006 | QTR 1 2006 | QTR 4 2005 | QTR 3 2005 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Sale of Property And Investments (Net of Costs) | \$ - | \$ - | \$- | \$- | \$654,707 | \$112,045 | \$(109,817) | \$- |
| Revenue | - | - | - | - | - | - | - | - |
| (Loss) earnings before discontinued and extraordinary items | (507,400) | (469,386) | (2,553,334) | (601,110) | 71,386 | (151,062) | (436,942) | (308,235) |
| Per common share basic and fully diluted | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Net (Loss) earnings | (507,400) | (469,386) | (2,552,334) | (601,110) | 71,386 | (151,062) | (436,942) | (308,235) |
| Per common share and fully diluted | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Assets | 8,198,005 | 8,609,700 | 8,865,225 | 8,904,869 | 9,246,938 | 7,116,550 | 7,212,514 | 4,968,118 |

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to historical data and the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

1.6 Liquidity

The Corporation currently has adequate cash funds for the planned exploration and development of its properties for 2007. However, the Corporation does not have any recurring revenue streams and therefore, depending on its existing capital resources and the capital required for any future acquisitions of mineral it may have to access the equity markets to obtain any additional funding. The Company currently trades on the Canadian TSX Venture exchange under the trading symbol SAU. On January 30, 2006 the Company commenced trading on the Berlin-Bremin Stock Exchange based in Berlin Germany. The Company trades on the Berlin-Bremin exchange on over the counter market under the trading symbol S9X.

The Corporation's liquidity is a function of raising flow-through and non-flow-through financing, primarily through private placements and equity raises to sophisticated investors and institutions.

As at June 30, 2007, Simberi reported working capital of \$3,835,319 (\$5,368,592 as at December 31, 2006), which includes cash & cash equivalents of \$2,856,264 (\$5,316,953 as at December 31 2006). The decrease in cash and working capital was due to cash used in operating activities of \$739,270 (2006 - \$598,626) , cash used in investing activities of \$1,731,559 (2006 - \$762,777) and cash flows from financing activities in the amount of \$10,140 (2006 - \$242,632). Based on assumptions about future business development, revenues and costs, Simberi has sufficient cash reserves to maintain and complete its planned operations for the next four operating quarters.

1.7 Capital Resources

Simberi currently does not have any long-term debt or credit facilities with financial institutions. At this time, the Corporation is not anticipating an operating profit from mining activities, therefore it will rely on its ability to obtain equity or debt financing for growth.

Simberi Mining Corporation Four quarter capital exploration & operation budget

| | Q3 2007 \$ | Q4 2007 \$ | Q1 2008 \$ | Q2 2008 \$ | 4 Quarter Total \$ |
|--|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------|
| Exploration budget | 200,000 | 200,000 | 300,000 | 300,000 | 1,000,000 |
| Management, Administration and office | <u>225,000</u> | <u>225,000</u> | <u>225,000</u> | <u>225,000</u> | <u>900,000</u> |
| Total Capital Resource Requirements | <u><u>425,000</u></u> | <u><u>425,000</u></u> | <u><u>525,000</u></u> | <u><u>525,000</u></u> | <u><u>1,900,000</u></u> |

* Administration & office expenses exclude amortization and stock option compensation as these are non cash items. Also a provision for foreign exchange is not included due to the unpredictability of currency fluctuations.

There are no specific exploration commitments for the balance of 2007 and a general allowance of \$200,000 per quarter has been budgeted. The joint venture partners are expected to continue their respective programs on the Australian properties for the balance for the year. The exploration expenditures on the Kakanda project will be funded by Amari as part of the Joint Venture Agreement.

At the present time, there are no major capital expenditures planned, other than the exploration budget as indicated above. There is sufficient capital to continue for the planned exploration and development of its projects. The Company can continue operations in the current period with the Corporation's current capital resources.

1.8 Off-balance Sheet Arrangements

There were no off-balance sheet arrangements as at June 30, 2007.

1.9 Transactions with Related Parties

- (a) During the six months ended June 30, 2007 \$90,208 (2006 - \$244,046) was paid to Porphyry Inc., a company owned by Mike Newbury a director and officer of the company, for services rendered and reimbursement of expenses. Of this amount \$60,000 (2006 - \$210,000) was included in professional and consulting fees for management services; \$30,208 (2006 - \$34,046) was a reimbursement of expenses and was included in general and administrative. During the three months ended June 30, 2007 \$43,698 (2006: \$194,061) was paid to Porphyry Inc. for services rendered and reimbursement of expenses. Of this amount \$30,000 (2006: \$180,000) was included in professional and consulting fees for management services; the remainder of \$13,698 (2006: \$14,061) was a reimbursement of expenses and included in general and administrative. As at June 30, 2007 \$nil (2006: \$nil) was owed to Porphyry Inc.
- (b) During the six months ended June 30, 2007 the Company advanced \$75,000 (2006 - \$Nil) to Billiken Management Services Inc. ("Billiken") for services associated to the New Congo and Nevada properties. Neil Novak is a director of the Company and also serves as a director for Billiken. Of this amount \$35,184 is included in exploration advances and \$39,816 has been capitalized to mining interest on the balance sheet. On June 1, 2007 Neil Novak resigned from the board of Billiken. As such, effective June 1, 2007 the companies are no longer considered related parties.
- (c) During the six months ended June 30, 2007, Chris Reindler a director of Novaking Pty Ltd., a subsidiary of the Company, paid \$4,672 of exploration expenses on behalf of the Company. This amount was capitalized to mining interests. As at June 30, 2007, \$25,499 (December 31, 2006 – 30,539) is due from this director and is recorded on the balance sheet as Due From Related Parties.

The balances due from the related parties are unsecured, non interest bearing, and have no specific terms of repayment. The Company pays funds to related parties in the course of carrying out the Company's business, in exchange for services rendered to the Company. If the Company were not paying these related parties for these services the Company would still have to pay individuals or entities in order to obtain these services and carry out the business of the Company. Transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Company and the related parties.

Mine Development

No mine development work program was carried out during the most recent quarter.

1.10 Second Quarter

The results of the second quarter are discussed in section 1.4 Results of Operation.

1.11 Proposed Transactions

There are no proposed transactions.

1.12 Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value on its mineral properties as well as the value of stock based compensation. Both of these estimates involve considerable judgement 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, among other things, upon a variety of factors including the market value of Company shares and financial objectives of the holders of the options. The Company has used historical data of publicly traded companies of the same industry and size to determine volatility in accordance with Black Scholes modelling, however future volatility is inherently uncertain and the model had

its limitations. While these estimates have an impact on the stock based compensation and hence results of operations, there is no impact on the Company's financial condition.

The company's recorded value of its mineral property is based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation 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 exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, as well as environmental risk.

1.13 Changes in Accounting Policy

Effective January 1, 2007, the Company has adopted three new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2005 (sections 3855, 1530 and 3865). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The Company has determined the adoption of Section 3865 will have no current impact on the consolidated financial statements.

Financial Instruments – Recognition and Measurement (CICA Handbook Section 3855)

In accordance with this new standard the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of loss.

Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company now reports a consolidated statement of comprehensive loss, and a new category, accumulated other comprehensive income, and has been added to the shareholders' equity section of the consolidated balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any.

Hedges (CICA Handbook Section 3865)

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company has not designated any hedging relationships.

1.14 Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment, currency or commodity risk. The Company's financial instruments consist of cash, sundry receivable, loan receivable, financial assets available-for-sale, trade payables and due from related parties. Unless otherwise noted it is managements opinion that the Company is not exposed to significant risk arising from the financial instruments. The fair value of these financial instruments approximates their fair value because of the short-term maturities of these items.

5.3 Additional Disclosure of Venture Issuers without Significant Revenue

a) Capitalized Exploration Expenditures

| | Three months ended | | Six months ended | |
|---|--------------------|-------------------|-------------------|--------------------|
| | June 30, 2007 | June 30, 2006 | June 30, 2007 | June 30, 2006 |
| Novaking Property Activity: | | | | |
| Acquisition costs | \$ 47,571 | \$ - | \$ 47,571 | \$ - |
| Exploration expenditures | 101,794 | 3,883 | 106,465 | 6,365 |
| | \$ 101,794 | \$ 3,883 | \$ 154,036 | \$ 6,365 |
| New Congo Property Activity: | | | | |
| Regulatory fees | 23,300 | 166,599 | 55,590 | 302,830 |
| Joint venture facilitation costs | 124,850 | | 212,720 | |
| Travel | 51,075 | (41,266) | 127,229 | 79,603 |
| General exploration | - | 920 | - | - |
| Consulting | 151,825 | 360,638 | 261,939 | 768,342 |
| General and administrative | 11,334 | 231,279 | 33,725 | 706,044 |
| Report costs | - | 73,944 | - | 73,944 |
| Legal fees | - | 15,037 | - | 39,225 |
| | \$ 362,384 | \$ 807,151 | \$ 691,203 | \$1,969,988 |
| Total expended during the period | \$ 464,178 | \$ 811,034 | \$ 845,239 | \$1,976,353 |

Mt. Elephant Prospect

On April 5, 2005 the Corporation completed, through Renaissance Corporation Pty Ltd ("Renaissance"), its wholly owned Australian subsidiary of Novaking a joint venture agreement with Korab Resources Limited ("Korab") on its Mt Elephant gold prospect in Western Australia. Korab could earn a 70% interest in the Mt Elephant properties by spending a minimum A\$40,000 over 12 months and a total A\$500,000 in exploration over three years.

Previous exploration has been completed on the Exploration License area held by Simberi and has been successful in identifying gold and copper mineralization. The information is outlined in an Independent Geologist's Report dated May 16, 2003, and prepared in accordance with NI43-101 (the "Maynard Report"). The Maynard Report describes the Mt Elephant Prospect in detail. A copy of the Maynard Report is available on SEDAR (www.SEDAR.com).

During 2006, Korab the in order to earn its interest in the joint venture conducted exploration of the Mt. Elephant gold property consisting of surface geophysics, geochemistry and geology to identify potential drill targets. Korab prepared an annual report, dated January 2007, for the joint venture's year end of November 19, 2006. Korab's total expenditure for the year ended November 19, 2006 was A\$30,107 and it indicated that potential drill sites had not been identified but the existence of a number of areas worthy of field verification and possible follow ups. Korab has not earned its 70% interest in the project.

Subsequent to the second quarter Simberi, through its wholly owned Australian subsidiary Renaissance, sold its interest in the Mount Elephant project to Korab for the following consideration:

- (a) A cash payment of \$50,000;
- (b) Annual payments of \$25,000 to total \$125,000;
- (c) Simberi will retain a 10% net smelter royalty interest in any production from the property; and
- (d) If a bankable feasibility study is not completed within five years the property will revert back to Simberi.

Zanthus Prospect

The Zanthus project is located in the Dundas Mineral Field in the south-eastern part of Western Australia and covers part of the western margin of the Eucla Basin. The Basin is comprised of flat lying marine and continental sediments of Cretaceous and Tertiary age. Sediments in the project area range from 20 to 80 metres in thickness and overly metamorphosed igneous and sedimentary rocks of the Fraser Range metamorphic complex. Within these sediments are lignite layers up to 20 metres thick that cover an area in excess 50 square kilometres through the project area.

Previous exploration has been completed on the one Exploration License area held by Simberi and has been successful in identifying a deposit of lignite. The information is outlined in an Independent Geologist's Report dated May 16, 2003, and prepared in accordance with NI43-101 (the "Maynard Report"). The Maynard Report describes the Zanthus project as a potential exploration target and, under the Joint Ore Reserve Estimation Committee Code, has 400 million tonnes. However, this is not NI43-101 compliant. Further evaluation on the Zanthus project is required to become NI 43-101 compliant. A copy of the Maynard Report is available on SEDAR (www.SEDAR.com).

In the third quarter of 2005, the Corporation completed a joint venture agreement with Domo Pty Ltd ("Domo"), pertaining to its Zanthus property. Domo has the opportunity to earn an initial 25% interest in the Zanthus property, with the option to acquire the remaining 75%. To acquire a 100% interest, Domo must incur an initial A\$125,000 in expenditures and other financial requirements and A\$2.5 million in exploration expenditures over a 4 year period. Simberi will retain a 1% royalty on the project.

In the third quarter of 2006, Domo received a technical JORC report (which is the equivalent to the Canadian 43-101 report) dated October 12, 2006. The report was an audit of the lignite resources in the Zanthus Lignite project, and based on the resource data the shallow Lignite deposit should be suitable for extraction by open cut methods as it lies at depths generally between 25m. and 30 m. Domo is currently assessing the alternatives to determine its future plan. For the year ended December 31, 2006 Domo spent A\$119,217 on the project and it has had not earned its 25% interest in project.

Mount Sarah and Mount Narlee

In the second quarter the Company acquired interests in two resource properties located in Australia. The agreement is with Caldera Resources Pty. Ltd. ("Caldera") and Ellendale Resources NL ("Ellendale") pursuant to which the Company will have the right to earn a 60% interest in the Mount Sarah and Mount Narlee projects located in Southern Australia. The acquisition is subject to the following terms:

- (a) The issuance of an aggregate of 1,500,000 common shares of the Simberi to Caldera and Ellendale;
- (b) The Company spending or causing to be expended \$CDN 1.25 million on exploration over a three year term and commencing a ground gravity survey on the Mt. Sarah project;
- (c) Simberi shall be the operator of the exploration programs
- (d) Upon completion of the C\$1.25 million expenditure, the joint venture ownership will be:
 - a. Renaissance Corporation Ltd 60% (Simberi)
 - b. Caldera Resource PTY Ltd 20%
 - c. Ellendale Resources NK 20%

During the second quarter Simberi received a preliminary geophysical report on the detailed ground gravity and magnetic surveys of its Mount Sarah project in Australia.

A detailed ground gravity survey on part of the 128 sq. km property was completed to better delineate a previously identified gravity target that is associated with a discrete magnetic anomaly. The magnetic anomaly was selected as a potential target of interest from regional airborne magnetic data.

The coincident gravity and magnetic anomalies at Mt. Sarah are considered to be of high interest and are the typical geophysical responses that are found at the Olympic Dam Deposit, the Prominent Hill Deposit and the more recent Teck Cominco discovery at Carrapateena and which are located in South Australia.

The Olympic Dam deposit discovered in 1975, lies beneath 300-400m of cover and is a world class resource of 3800Mt containing 1% copper, 0.5g/t gold and 400 g/t of uranium within an iron rich rock described as a hematite breccia. The deposit was eventually located by drilling into an intense gravity anomaly of 14 mGal. The gravity feature was coincident with a magnetic anomaly in the order of 1000 nT in amplitude.

Initial geophysical interpretation of depth to target at Olympic Dam gave substantial over estimates due to lack of data, but with additional and closer spaced information, a more accurate estimate was determined.

In summary, the Mt. Sarah magnetic anomaly has an amplitude of 350 nT. Inversion modeling of this anomaly using a cylindrical body yields a good fit between the observed and computed anomalies. Of more significance and importance is the associated intense gravity high of 10 Mgal and which lies on the northern flank of the magnetic anomaly, as shown on the accompanying map. The 10 Mgal response falls within the range of a dense rock type such as a hematite breccia and is therefore considered a priority target. Geophysical modelling using several different shapes, estimates that the top of the feature that is causing the anomaly lies at a depth of 1,000 m to 1,500 m below the surface, however, the depth estimate is likely to change and may be more favourable when additional gravity lines are completed to the north and east of the gravity target. This "closing off" will enable a more accurate depth to top of target to be calculated.

A drill hole is recommended, on this anomaly that exhibits coincident gravity and magnetic anomalies that are similar in geophysical response to the Olympic Dam deposit that is the class type for iron oxide mineralized bodies within the G-2 corridor.

Simberi through its wholly owned subsidiary Renaissance is entering discussion with the Native Title Claimant group with the intent to carry out a Heritage Survey which upon completion will enable the company to carry out further exploration on the Mt. Sarah and Mt. Narlee licence areas.

The above gravity survey was conducted by Haines Surveys using a Scintrex CG-3M Autograv Gravity Meter and differential GPS for obtaining station elevations. The gravity stations were read in loops which were closed as regularly as possible. All observations were reduced to Bouguer Anomalies using a Bouguer density of 2.67 gm/cc and tied to the Australian National Gravity Grid. The results were analysed by Barrett Geophysical Exploration Consultants Pty Ltd., Frenchman Bay, West Australia. Doug Barrett is a Qualified Person under the Australian Code who was responsible for the review and analysis of the geophysical data.

Lambina

The Lambina Project is located in the north of South Australia and is approximately 450 kilometres south-southeast of Alice Springs. The project comprises of two Exploration Licenses covering an area of 1189 sq. Km. The Licenses are in an area of Mesozoic sediments in the Eromanga Basin with a total thickness not exceeding 500 meters and are at the most northern margin of the Gawler Craton. The outcropping sediments of the Eromanga Basin include claystones and arenites of the Winton and Oodnadatta Formations overlying dark silty claystones, carbonaceous and pyritic shales and quartz sandstones of the Bulldog Shale. The base of the Mesozoic section in the Jurassic Algebuckinna Sandstone; a poorly consolidated quartz sandstone with occasional coal seams at the base.

During the second quarter Simberi and its wholly owned subsidiary, Novaking, acquired all of the outstanding shares of SA Drilling Pty. Ltd. ("SA Drilling"). SA Drilling holds a 100% interest in its Lambina Project located in Southern Australia. The agreement provided that Novaking will acquire the outstanding shares of SA Drilling for the following consideration:

- (a) Payment of CDN \$50,000 and the issuance of to the vendor of the SA Drilling shares of 750,000 common shares of the Company; and
- (b) Payment of a further CDN \$50,000 and the issuance to the vendor of an additional 1,000,000 common shares of the Company on the first anniversary of the date of the closing or upon the completion of a joint venture by Novaking with a third party in respect of the Lambina Project, whichever is earlier.

In addition the agreement also provides that the vendor of the SA Drilling shares will retain a 2% net profit royalty in the production from the Lambina Project after payment back to the Company of all exploration and development costs or, in the event of a joint venture with a third party, the royalty will become immediately payable upon commencement of production.

Previous exploration has been limited to the identification of several strong amplitude magnetic anomalies from regional 400 metre line spaced airborne magnetic programs. These strong basemetal magnetic anomalies were thought to be possible exploration targets for IOGC (iron-ore, gold, copper) style of mineralization, such as Olympic Dam and Prominent Hill and which are also located in South Australia.

During the second quarter of 2007, the company carried out an extensive ground gravity survey which identified several intense gravity features which are coincident with the magnetic anomalies. This magnetic/gravity association is also considered a favourable factor for IOGC mineralization.

An Aboriginal Heritage Survey will be completed as the next step to obtain clearance for a drill program to test these targets.

New Congo - Kakanda Project

The Kakanda Property is located in Katanga Province, Democratic Republic of the New Congo ("DRC") some 70 kilometres northwest of the major regional centre of Likasi, with which it is linked by a fair quality dirt road through Kambove. Likasi is in turn 120 kms by paved road from the Provincial capital, Lubumbashi. Lubumbashi has scheduled air services to Johannesburg, Nairobi, Kinshasa and other African cities. The Katanga Province has a sub-tropical climate typified by a dry season of six months (April to September) and a rainy season of six months (October to March). This zone also includes a number of other major copper/cobalt developments such as Tenke Fungurume (Tenke Mining Corp.) and the Kolwezi Tailings Project (Astra Minerals).

The Kakanda and Kambove Copper-Cobalt deposits are hosted by sedimentary rocks of the Neo-Proterozoic Katanga System, situated within the Lufilian Arc. The Lufilian Arc and Zambesi Belt form part of a system of supracrustal Pan African belts of Neo-Proterozoic age in Africa and South America that are host to several important base metal provinces including the Central African Copperbelt which includes the Congolese (Katanga) and Zambian Copperbelts. The Lufilian Arc which contains both the Katanga and Zambian Copperbelts is one of the great metallogenic provinces of the world and contains some of the world's richest deposits of copper and cobalt.

The previous operator of the Kakanda Project, International Panorama Resource Corp., engaged Bateman Minerals & Industrial Limited ("Bateman") in conjunction with Steffen Robertson Kirsten (SRK) and other experts to complete a feasibility study for the Kakanda Project in 1997. The study was completed in October 1997 and concluded that the Kakanda Project was technically feasible and economically viable based on the costs and metal prices prevalent at that time. The historical resource estimate for the study was completed by SRK. SRK estimated the defined tailings resource at 18.4 million tonnes containing 1.22% copper and 0.15% cobalt. The study also delineated a mineable open pit resource of 11.3 million tonnes containing 3.14% copper and 0.19% cobalt. Both of these resources were incorporated in Bateman's operating plan.

Simberi has engaged MPH Consulting Limited ("MPH"), to complete a current technical report in compliance with National Instrument 43-101 ("NI 43-101") on its Kakanda copper-cobalt project. MPH tabled its report in the fourth quarter of 2006 (the report can be viewed in detail on SEDAR (www.SEDAR.com)) conclude that the Kakanda project represented a good opportunity to develop a mining operation in a world class copper-cobalt producing region. MPH confirmed that the resources on the property are: Measured and Indicated 18.4 million tonnes with a grade of 1.22% Cu and 0.15% Co and 11.3 million tonnes of inferred resources with a grade of 3.14% Cu and 0.19% Co. MPH set out a US\$4.0 million budget to complete the detailed work on the tailings and bedrock deposits. Simberi is currently planning its strategy and plans connected to the Kakanda project

In the second quarter of 2007, Simberi entered into a definitive agreement with Amari Holdings Ltd ("AMARI") for the development of Simberi's Kakanda Copper/Cobalt project (the "Kakanda Project") in the Democratic Republic of Congo (the "DRC").

The terms of the Definitive Agreement include the following:

1. PTM and AMARI will jointly work together to negotiate and finalize the JV with Gecamines.
2. Over a 24 month period commencing on the date that the JV becomes effective (the "Commencement Date"), AMARI agrees to invest US\$10 million (the "Investment") on an equity basis in PTM on a draw down basis as and when requested by PTM and, at a minimum, AMARI will ensure that PTM is sufficiently funded at all times through the Investment to facilitate necessary expenditures pursuant to the JV and to keep the Kakanda Project property in good standing. In exchange for the Investment, AMARI will receive common shares of PTM up to a maximum of 51% of the outstanding common shares of PTM upon completion of the full Investment.
3. AMARI will also receive an additional 14% (for a total of 65%) of the outstanding common shares of PTM upon completion by PTM of a feasibility study for the Kakanda Project.
4. Following the Commencement Date, PTM will be managed by a board of directors of which AMARI will have the right to appoint three directors and Simberi will have the right to appoint two. All decisions of the board of directors of PTM will be made by a simple majority vote excluding any decision relating to (i) the disposal of any interest in the Kakanda Project; or (ii) the use of the funds representing the Investment for any purpose other than the advancement of the Kakanda Project. Approval of these matters will require unanimous consent of both parties.
5. Following the Commencement Date, PTM will appoint AMARI to be the manager of the Kakanda Project.

The right of AMARI to obtain a 65% shareholding in PTM was subject to approval from the Simberi shareholders which was received at the annual meeting held on July 18, 2007.

AMARI is an African based and Central African focused mining investment company with a track record of successful exploration through to mine development and mine management. Its in-house expertise encompasses all aspects of geology, resource quantification, process and plant design and construction, mining operations and resource production management. AMARI has investments in various listed and unlisted mining resource and mining service companies. AMARI has specific operating experience in the DRC.

Nevada

On February 27, 2007 the Company paid \$250,000 for 1,000,000 shares for a minority equity position in Gaelic Gold Corporation which has exploration activities on four properties situated in Nevada, U.S.A. Additional information can be found at www.gaelicgoldcorp.com.

d) General and Administrative Expenses

| | Three Months Ended June 30, 2007 | Three Months Ended June 30, 2006 |
|-------------------------|--|--|
| Website support | 1,735 | - |
| Bank charges & interest | 787 | 1,818 |
| Travel and promotion | 165,452 | 135,659 |
| Rent | 12,570 | 10,313 |
| Office and general | 9,957 | 18,902 |
| Insurance | 2,295 | 2,758 |
| Telephone | 895 | 578 |
| Transfer agent fees | 5,577 | 5,962 |
| | 199,268 | 175,990 |

| | Six Months Ended June 30, 2007 | Six Months Ended June 30, 2006 |
|---|--------------------------------------|--------------------------------------|
| Bank charges & interest | 1,273 | 2,978 |
| Travel and promotion | 221,844 | 163,345 |
| Rent | 20,784 | 20,754 |
| Office and administration | 6,623 | 16,460 |
| Insurance | 4,770 | 5,699 |
| Other | 1,438 | 4,494 |
| Telephone | 1,268 | 1,228 |
| Transfer agent & shareholder communication | 13,878 | 8,349 |
| Computer support | 6,206 | 1,295 |
| | 278,084 | 224,602 |

5.4 Disclosure of Outstanding Share Data

As at June 30, 2007 the outstanding common shares, options and share purchase warrants are as follows:

Common Shares Issued and Outstanding

| Authorized An unlimited number of common shares Issued | Number of Shares | Amount |
|--|---------------------|---------------|
| Balance, December 31, 2004 | 94,381,831 | \$ 5,961,052 |
| Private placement | 26,000,000 | 2,600,000 |
| Warrant valuation | - | (2,002,000) |
| Share issue costs | - | (284,337) |
| Balance, December 31, 2005 | 120,381,831 | 6,274,715 |
| Option exercise – cash | 1,530,000 | 229,500 |
| Option exercise – valuation | - | 71,831 |
| Issuance of shares | 8,000,000 | 2,000,000 |
| Private placement | 27,750,000 | 2,775,000 |
| Warrants valuation | - | (954,906) |
| Share issue costs | - | (329,098) |
| Balance, December 31, 2006 and June 30, 2007 | 157,661,831 | \$ 10,067,042 |

*Share capital - refer to the June 30, 2007, note 8 financial statements, for further details.

As at June 30, 2007, the Company had the following stock options outstanding:

| Black-Scholes Value (\$) | Number of Options Outstanding | Exercise Price (\$) | Expiry Date | Number of Options Exercisable | Weighted Average Remaining Contractual Life |
|-----------------------------|----------------------------------|------------------------|-------------------|----------------------------------|---|
| \$ 4,424 | 1,475,000 | \$ 0.15 | June 30, 2008 | 1,475,000 | 1.00 years |
| 240,268 | 2,710,000 | \$ 0.15 | May 13, 2009 | 2,710,000 | 1.87 |
| 273,000 | 5,250,000 | \$ 0.10 | August 24, 2010 | 5,250,000 | 3.15 |
| 21,750 | 250,000 | \$ 0.10 | November 23, 2010 | 250,000 | 3.40 |
| 234,000 | 1,000,000 | \$ 0.24 | January 30, 2011 | 833,334 | 3.59 |
| 358,000 | 2,000,000 | \$ 0.185 | March 30, 2011 | 1,666,666 | 3.75 |
| 11,600 | 50,000 | \$ 0.24 | April 11, 2011 | 33,333 | 3.78 |
| 36,901 | 200,000 | \$ 0.22 | June 1, 2011 | 133,333 | 3.92 |
| 27,750 | 250,000 | \$ 0.115 | July 14, 2011 | 125,000 | 4.04 |
| 5,750 | 50,000 | \$ 0.12 | August 17, 2011 | 25,000 | 4.13 |
| 32,898 | 350,000 | \$ 0.12 | October 10, 2011 | 116,665 | 4.28 |
| 4,633 | 100,000 | \$ 0.10 | June 20, 2012 | - | 4.97 |
| \$ 1,250,974 | 13,685,000 | | | 12,618,332 | 2.82 |

*Stock options - refer to the June 30, 2007; note 8 financial statements, for further details

As at June 30, 2007, the Company had the following warrants outstanding:

| Year Issued | Black-Scholes Value | Exercise Price | Expiry Date | Number of Warrants Outstanding at March 31, 2007 | Expected Volatility | Risk Free Rate |
|----------------|-----------------------------|----------------|----------------|---|------------------------|-------------------|
| 2005 | \$ 2,002,000 (note 8(a)(i)) | \$ 0.20 | Dec 23, 2007 | 26,000,000 | 194.36% | 3.83% |
| 2006 | 954,906 (note 8(a)(iii)) | \$ 0.20 | Nov 16, 2008 | 13,875,000 | 119.33% | 4.00% |
| | \$ 2,956,906 | | | 39,875,000 | | |

*Warrants - refer to the June 30, 2007; note 8 financial statements, for further details

RISKS AND UNCERTAINTIES

The business of Simberi is subject to a number of risks and uncertainties commensurate with its status as a junior exploration company. In addition to considering the information disclosed in the financial statements and in the other publicly filed documentation regarding the Company available at www.sedar.com, the reader should carefully consider the following information. Any of these risk elements could have material adverse effects on the business of the Company.

Permitting Requirements

The Company is required to obtain certain permits for the construction and operation of the Kakanda project. There is, however, no guarantee as to when or that permits, licenses or consents required by the Company for its business will be granted or renewed as applicable.

Commodity Price Volatility

The price of various commodities which the Company intends to exploit and subsequently market can fluctuate drastically, and is beyond the Company's control. The Company is specifically concerned with the price of Copper and Cobalt. While the Company would benefit from an increase in the value of these metals, the Company could be adversely affected by a decrease in the value of these metals. Were the prices of these metals to descend below the prices used for the determination of the positive study authored by MPH the economic viability of the project could be affected. The details of the pricing can be found in the MPH study which is available within the Company's filings at www.sedar.com.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Mineral Exploration and Exploitation

Mineral exploration and exploitation involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

Country Risk

Political and Economic Instability

The Company's mineral exploration and exploitation activities may be adversely affected by political instability and legal and economic uncertainty in the countries where the Company has operations. The risks associated with the Company's foreign operations may include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in laws, regulations and policies, taxation, price controls, exchange controls, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. These risks may limit or disrupt the Company's projects or operations, restrict the movement of funds or result in the deprivation of contractual rights. The Company presently holds assets in the DRC, which it considers to be a medium risk with reference to the above stipulated potential risks, and while it does not foresee country risk as being problematic, the country risk is out of the control of the Company. The Democratic Republic of Congo does not adhere to Canadian financial standards; however, they are in the process of modernizing its mining code and registry standards.

Uninsurable Risks

Mineral exploration and exploitation activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of the common shares of the Company. The Company does not maintain insurance against environmental risks.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities.

Environmental legislation is evolving in a manner which may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Regulations and Permits

The Company's activities are subject to wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all.

The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Currency Fluctuations

Currency fluctuations may affect costs at the Company's operations.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at the end of the period covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Simberi's business is exploring for mineral resources that involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Corporation attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Corporation will be profitable in the future, and Simberi common shares should be considered speculative.

There can be no assurance that any funding required by the Corporation will become available to it, and if so, that it will be offered on reasonable terms, or that the Corporation will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Corporation will be able to secure new mineral properties or projects, or that they can be secured on competitive terms.

Internal Control Risks

The Chief Executive Officer and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with Canadian GAAP. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed, as well as the fact that the DRC does not adhere to Canadian financial standards. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

Additional Information

Additional information relating to the Corporation is available on the Internet at the SEDAR website located at www.sedar.com and at www.simberimining.com.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Conditions and Results of Operations contains certain forward-looking statements. All statements other than statements of historical fact that address activities, events or developments that the Corporation believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in other documents filed from time to time by the Corporation with Canadian security regulatory authorities, general economic,

market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Corporation's control. These factors may cause the actual results of the Corporation to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on Simberi Mining Corporation. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements. The Company expressly disclaims any obligation to update or revise any such forward-looking statements.