

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER

The following management's discussion and analysis ("MD&A") of Rambler Metals & Mining plc (the "parent Company") and its subsidiaries (the "Group" or "Rambler") contains forward-looking statements that involve numerous risks and uncertainties. Our actual results could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth in this MD&A.

The following discussion provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition for the quarter ended 30 April 2010. This discussion should be read in conjunction with our audited financial statements for the year ended 31 July 2009 and the related notes thereto. These consolidated statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with IFRS and their interpretations adopted by the IASB.

This MD&A, which has been prepared as of 21 June 2010, is intended to supplement and complement our audited consolidated financial statements and notes thereto for the year ended 31 July 2009 prepared in accordance with IFRS. The presentation currency is British Pounds.

### OUR BUSINESS & OPERATIONS REVIEW

The principal activity of the Group is the development and exploration of the Ming copper and gold property located on Newfoundland and Labrador's Baie Verte Peninsula.

The parent Company's Ordinary Shares were admitted to trading on the London AIM market on 8 April 2005 under the symbol "RMM" and were listed on the TSX Venture Exchange on 7 February 2007 under the symbol "RAB".

Operational highlights include:

- On 27 April 2010 Mr. Norman Williams was promoted to Chief Financial Officer. The outgoing CFO, Mr. John Thomson, will remain on the Board as a Non-Executive Director of the Company.
- On 12 April 2010 the Company announced the submission of the environmental registration for the Ming copper-gold mine project and provided a project update. Update highlights included:
  - Nugget Pond Mill Expansion engineering near completion, with new key equipment expected in August 2010
  - NI43-101 Feasibility Study to be completed in calendar Q3 2010 after review by independent consultants
  - Mine, Mill and Port infrastructure construction to commence following environmental release and completion of Feasibility Study
- On 7 April 2010 the Company announced its intention to exercise its right to buy back 3% of the total 4.5% Net Smelter Return ("NSR") royalty held on the Ming property.
- On 31 March 2010 the Company announced the conditional placement of 8.6 million shares at 32 pence each (approximately Cdn. \$0.49) to raise Pounds Sterling 2.6 million net of expenses.
- On 4 March 2010 the Company announced that the Group had entered into an agreement with Sandstorm Resources Ltd. (TSX-V:SSL) to sell a portion of the life-of-mine gold production from its Ming Copper-Gold Mine, located in Baie Verte, Newfoundland referred to as the "Gold Loan".

Under the terms of the agreement Sandstorm Resources Ltd. will make staged upfront cash payments for the gold production from the Ming Copper-Gold Mine to the Group totalling US\$20 million. Payment milestones are as follows:

- US\$5 million available immediately and received on 10 March 2010;
- US\$2 million on completion of a NI43-101 feasibility study, expected before 30 June 2010; and
- US\$13 million when Rambler is awarded all permits required for the Ming mine to start production.

For this, the Group has agreed to sell 25% of the first 175,000oz of payable gold and thereafter 12% of all subsequent payable gold for the balance of the period ending 40 years after the date of the agreement. After the expiry of the 40 year term, the agreement is renewable in 10 year blocks at the option of Sandstorm Resources Ltd.

During negotiations Casimir Capital LP acted as agent for Rambler and is entitled to a 4.5% cash commission to be paid with each payment milestone.

- Throughout the third quarter, the mine operation continued in 'Care and Maintenance' status with minimal crews providing property security, pump and fire watch around the clock on a seven day coverage. Routine pump maintenance and repairs were carried out as required.
- Safety performance continued to be exemplary during the quarter with no accidents, injuries or incidents reported. There were no environmental incidents.
- During the third quarter the Geology Department continued to evaluate the resources in the Nugget Pond Crown Pillar and underground zone. This work will be completed in Q4 2010 at which point the Engineering Department will begin evaluating the resource from a mining perspective.
- During the third quarter, the metallurgical test program was completed and the mill conceptual design has been progressing on budget and on schedule. Much of the design work was reliant on the procurement of the specific equipment with the appropriate drawings. Significant advances were made on the detailed engineering design work at the mine and port.

## SELECTED FINANCIAL INFORMATION

The following selected financial information has been derived from the consolidated financial statements of the Group for the periods indicated and should be read in conjunction with such statements and notes thereto.

Selected Financial Information All amounts in £, except shares and per share figures	3 months ended 30 April 2010	3 months ended 30 April 2009
Revenue	-	-
Administrative Expenses	368,435	267,154
Exploration expenses	11,554	-
Bank Interest Receivable	2,270	2,580
Net (loss)	(387,559)	(273,148)
Loss per share in pence (basic and diluted)	(0.49p)	(0.46p)
Cash Flow (used) for operating activities	(220,642)	(111,114)
Cash Flow (used) for investing activities	(982,055)	(290,459)
Cash Flow from/(used for) financing activities	5,874,699	(923)
Net increase/(decrease) in cash	4,672,002	(402,496)
Cash & Cash Equivalents at end of period	7,792,650	1,821,647
Total Assets	35,456,060	19,471,193
Long term receivable	2,282,018	-
Total Liabilities	4,523,520	839,371
Working Capital	7,115,136	1,490,380
Weighted average number of shares outstanding	79,569,982	59,385,000

### Review of quarter ending 30 April 2010

The Group's only source of income since incorporation has been bank deposit interest.

Compared to the quarter ending 30 April 2009, net losses increased £114,411 to £387,559 and the loss per share increased from 0.46p to 0.49p. Administrative expenses increased by £101,281 to £368,435. Administrative staff costs increased by £36,324 to £191,694 due to an increase of £28,329 arising as a result of the weakening of the GB Pound against the Canadian Dollar and an increase of £7,995 related to share-based payment charges relating mainly to options vesting during the quarter. Recruitment expenses of £16,426 were incurred during the quarter in respect of the hiring of key engineering employees. Exploration expenses of £11,554 were incurred during the quarter on the geological evaluation of the Corkscrew/Big Bear property and Nugget Pond Crown Pillar. Legal and professional fees increased by £31,971 to £69,720 mainly as a result of costs incurred in connection with various financing opportunities.

Cash flows used for operating activities increased by £109,528 to £220,642 mainly as a result of higher cash operating losses and an increase in HST receivables. Cash flows used for investing activities increased by £691,598 primarily as a result of an increase in exploration expenditure on the Ming Mine of £459,007 and expenditure on tangible fixed assets by £232,279. The increase in exploration expenditure

comprised an increase in labour costs of £50,522, consultancy costs (mainly engineering) of £212,719, capitalised finance costs of £139,133 and £59,152 in general operating costs. The increase in expenditure on tangible fixed assets mainly relates to progress payments on equipment required for the Nugget Pond Mill upgrade. Cash flows from financing activities increased £5,875,622 as a result of the net proceeds from the private placement carried out on 31 March 2010 of £2,592,273 and the receipt of the first instalment under the Sandstorm financing agreement of £3,337,338 (US\$5 million).

Total assets, which include accumulated deferred exploration expenditures and mine rehabilitation costs, increased £8,852,391 to £35,456,060 during the quarter. This increase was mainly due to cash received from financing of £5,874,699 and foreign exchange gains of £2,910,416 arising from a weakening of the GB Pound against the Canadian Dollar.

The reasons or explanations for movements in costs, balance sheet accounts or cash flows compared to the second quarter of fiscal 2009 are consistent with explanations given above.

## SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the most recent eight reporting periods are shown below. (All amounts in British Pounds except per share figures).

	4 <sup>th</sup> Quarter	3rd Quarter	2nd Quarter	1st Quarter
<u>Fiscal 2010</u>				
Revenue		-	-	-
Net Loss		(387,559)	(338,087)	(289,246)
Loss per share Basic & diluted (in pence)		(0.49)	(0.38)	(0.46)
<u>Fiscal 2009</u>				
Revenue	-	-	-	-
Net loss	(255,360)	(273,148)	(332,879)	(212,542)
Loss per share basic & diluted (in pence)	(0.43)	(0.46)	(0.56)	(0.36)
<u>Fiscal 2008</u>				
Revenue	-			
Net Loss	(131,375)			
Loss per share basic & diluted (in pence)	(0.23)			

The losses for the fourth quarter of 2008 are low due to a deferred tax credit of £70,303 and the increase in losses in the second quarter of 2009 is due to a reduction in bank interest received and an increase in administrative salaries together with the issue of additional share options. Losses for the third and fourth quarters of 2009 started to reduce as a result of a cost reduction programme implemented by the Company. Losses for the first quarter of 2010 increased slightly mainly as a result of the weakening of the GB Pound against the Canadian Dollar. Losses for the second quarter of 2010 further increased as a result of increased legal and professional charges in connection with financing options and the AGM. The continued weakening of the GB Pound against the Canadian Dollar resulted in a further increase in losses in the third quarter of 2010.

## OUTLOOK

By the end of the fourth quarter of fiscal 2010, management expects to:

- Complete the NI43-101 Feasibility Study on Surface Engineering including Mill Expansion and Tailings Impoundment Area; Mine Surface Facilities; Port Infrastructure, Geological Resources, Mine Plan and updated Business Model. Shortly following this event, the Group will also draw down the second tranche payment of US\$2m under the terms of the agreement with Sandstorm Resources Ltd.

- Complete the Mine Development Plan for submission to the Department of Natural Resources for the issuance of necessary permits to begin construction.
- Complete the geology determination for Nugget Pond mining as well as the detailed mine engineering on the resource.

## LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Prior to Q3, 2010, the Group has relied on shareholder funding to finance its operations. During Q3, 2010 the Group entered into a financing arrangement in US dollars. With finite cash resources and no material income, the liquidity risk is significant. This risk is managed by controls over expenditure and concentrating on achieving the payment milestones under the financing arrangement. Success will depend largely upon the outcome of ongoing and future exploration and development programmes. Given the nature of the Group's current activities the entity will remain dependent on a mixture of debt and equity funding in the short to medium term until such time as the Group becomes self-financing from the commercial production of mineral resources.

Directors are confident the Company has sufficient funds to maintain ongoing operations for the forthcoming 12 months and therefore have concluded that the Group is a going concern.

At 21 June 2010, the Group has £7.1 million in cash and cash equivalents with the proportion invested in short term deposits remaining consistent with year end.

The majority of the Group's expenses are incurred in the Canadian dollar. The Group's principal exchange rate exposure is related to movements between the Canadian Dollar, US Dollar and GB pound.

The Group's cash resources are held in GB pounds and Canadian Dollars. The Group has a downside exposure to any strengthening of the Canadian Dollar as this would increase expenses in GB pound terms. This risk is mitigated by holding substantially all of the Group's cash balances in Canadian Dollars. Any weakening of the Canadian Dollar would however result in the reduction of the expenses in GB pound terms and preserve the Group's cash resources. In addition, any such movements would affect the Consolidated Balance Sheet when the net assets of the Canadian Subsidiary are translated into PB sterling.

As a result of the Group's main assets and its subsidiary being held in Canada which has a functional currency different to the presentational currency, the Group's balance sheet may be affected significantly by movements in the GB pound to the Canadian Dollar. The Group does not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with the Canadian subsidiary's assets and liabilities as the foreign currency gains or losses are recorded in the translation reserve.

Exchange rate fluctuations may adversely affect the Group's financial position and results. The following table details the Group's sensitivity to a 10% strengthening and weakening in the Canadian Dollar/US dollar against the GB Pound. 10% represents management's assessment of the reasonable possible exposure.

	Equity	
	30 April 2010	31 July 2009
	£	£
10% weakening of Canadian Dollar	(2,550,415)	(2,029,441)
10% strengthening of Canadian Dollar	2,805,457	2,254,933
10% weakening of US Dollar	300,952	-
10% strengthening of US Dollar	(368,544)	-

### Credit risk

With effect from July 2007, the Group has held the majority of its cash resources in Canadian Dollars given that the majority of the Group's outgoings are denominated in this currency. Given the current climate, the Group has taken a very risk averse approach to management of cash resources and closely monitors events and associated risks on a continuous basis. There is little perceived credit risk in respect of trade and other receivables. The Group's maximum exposure to credit risk at 30 April 2010 was represented by receivables and cash resources.

### Interest rate risk

The Group's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. If the interest rate on deposits were to fluctuate by 1% there would be no material effect on the Group's reported result.

Cash and short terms deposits (expressed in British Pounds) were as follows:

At 30 April 2010 Currency	Fixed Rate Assets	Floating Rate Assets	Total
British Pound	300,000	2,603,238	2,903,238
Canadian Dollars	4,432,894	456,518	4,889,412
Total	4,732,894	3,059,756	7,792,650

At 31 July 2009 Currency	Fixed Rate Assets	Floating Rate Assets	Total
British Pound	-	22,746	22,746
Canadian Dollars	951,171	194,810	1,145,981
Total	951,171	217,556	1,168,727

At 30 April 2010, the Group had outstanding obligations, including interest, relating to bank loans and leases of £601,630 and an amount of £3,312,587 under the Sandstorm financing agreement ('Gold Loan').

The Gold Loan is accounted for as a financial liability carried at amortised cost. In determining the effective interest rate implicit in the cash flows arising from the loan the cash flows are forecast at each quarter end based on management's best estimates of the time of delivery of payable gold, the total amount of gold expected to be produced over the mine life and the timing of that production.

Interest charged in Q3 2010 has been capitalised and included in exploration and evaluation expenditure.

### SUBSEQUENT EVENT

On 27 May 2010 the Minister of Environment and Conservation informed the company that, under authority of Section 67(3)(a) of the *Environmental Protection Act*, the Lieutenant-Governor in Council has released the Ming Copper-Gold Mine from further environmental assessment, subject to a number of terms and conditions. On 1 June 2010 the Company announce it has received final environmental approval and project release from the Government of Newfoundland and Labrador for its Ming Copper-Gold Mine on the Baie Verte Peninsula, Newfoundland, Canada.

## COMMITMENTS

The Group will have a commitment of £889,335 (CAD\$1.364 million) and will inherit an environmental bond with the Government of Newfoundland and Labrador in connection with the acquisition of the Nugget Pond Facility on 1 July 2010.

In addition to the environmental commitment the Group has commitments totalling £1 million (CAD\$1.5 million) with various vendors relating to the purchase of equipment for the Nugget Pond Mill upgrade.

These commitments together with the ongoing evaluation and development of the mine will be in part financed from existing equity funding and an agreement with Sandstorm Resources Ltd to sell a portion of the life-of-mine gold production from its Ming Copper-Gold Mine, located in Baie Verte, Newfoundland.

Under the terms of this agreement Sandstorm Resources Ltd. will make staged upfront cash payments for the gold to the Group totalling US\$20 million. Payment milestones are as follows:

- US\$5 million available immediately and received on 10 March 2010;
- US\$2 million on completion of a NI43-101 feasibility study; and
- US\$13 million when Rambler is awarded all permits required for the Ming mine to start production.

For this, the Group has agreed to sell 25% of the first 175,000oz of payable gold and thereafter 12% of all further payable gold up to 40 years, renewable in 10 year blocks.

During negotiations Casimir Capital LP acted as agent for Rambler and is entitled to a 4.5% cash commission to be paid with each payment milestone.

There are certain circumstances in which the gold loan may be repaid earlier than by the delivery of payable gold as follows:

- (i) If within 18 months of 4 March 2010 (the date of the agreement) the Ming mine has not started producing gold any amounts advanced will become repayable on demand together with interest at a rate of 8% per annum.
- (ii) If within 24 months of the date that gold is first produced, the Ming mine has not produced and sold a minimum of 24,000oz of payable gold then a portion of the US\$20 million will be repayable based on the shortfall of payable gold.
- (iii) Within the first 36 months of Commercial production of gold any shortfall in payable gold below the following amounts will be required to be paid in cash:
  - within the first 12 months – US\$3.6 million
  - within the second 12 months – US \$3.6 million
  - within the third 12 months – US\$3.1 million

## FINANCIAL INSTRUMENTS

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk, credit risk and liquidity risk. With effect from July 2007, the Group has held the majority of its cash resources in Canadian Dollars given that the majority of the Group's outgoings are denominated in this currency. During Q3, 2010 the Group entered into a financing agreement in US Dollars as described above. Should any payment milestones not be reached the amounts advanced under the agreement would be repayable in cash giving rise to a foreign exchange gain or loss, however the directors consider that the milestones are achievable and payments under the agreement in the long term will be made in payable gold which is sold in US Dollars and will eliminate the foreign exchange risk. The directors take a very risk averse approach to management of cash resources

and continue to closely monitor events and associated risks. There were no derivative instruments outstanding at 30 April 2010.

## RELATED PARTY TRANSACTIONS

The parent company has a related party relationship with its subsidiary, and with its Directors and executive officers.

A total of £59,879 (2009: £65,974) was payable to key management personnel during the quarter including share-based payments of £3,036 (2009: £14,048).

Directors' fees of £12,000 remained outstanding at 30 April 2010 (31 July 2009: £29,767).

## GOING CONCERN

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on the copper and gold prices, its ability to fund its development and exploration programs, and to manage and generate positive cash flows from operations in the future. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

The Group raises finance for its exploration and development activities in discrete tranches. Following the successful completion of the Sandstorm Resources Ltd. financing of US\$20 million during the quarter the Directors and management are concentrating on achieving the payment milestones in the financing agreement which will enable the drawdown of the remaining US\$ 15 million balance and are currently evaluating a number of debt financing proposals to meet anticipated working capital requirements in the late pre-production/early production stages. The Directors are confident the Company has sufficient funds to maintain ongoing operations for the forthcoming 12 months and therefore have concluded that the Group is a going concern.

## IMPAIRMENT ASSESSMENTS OF DEVELOPMENT PROJECTS AND EXPLORATION PROPERTIES

The Directors have assessed whether the exploration and evaluation costs have suffered any impairment by considering the Group's business plan which includes resource estimates, future processing capacity, the forward market and longer term price estimates for copper and gold. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Group's exploration and evaluation costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets.

## STOCK BASED COMPENSATION

In the three months ended 30 April 2010 the parent company granted 300,000 employee stock options (no employee stock options were issued in the three months ended 31 January 2010). The number of share options being granted is considered by the directors to be consistent with companies of a similar size and profile to Rambler. The parent company is likely to grant employee stock options again in the future. The Group calculates the cost of share based payments using the Black-Scholes model. Inputs into the model in respect of the expected option life and the volatility are subject to management estimate and any changes to these estimates may have a significant effect on the cost.

## CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards that have recently been issued or amended have been adopted for the reporting period ended 30 April 2010:

<b>IFRS /Amendment</b>	<b>Title</b>	<b>Nature of change to accounting policy</b>	<b>Application date of standard</b>	<b>Application date for Group</b>
IAS 1 revised/amended	Presentation of financial statements	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 16 amendment	Property, plant and equipment	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 23 amendment	Borrowing costs	Finance costs directly related to non-current assets will be capitalised	1 January 2009	1 August 2009
IAS 27 amendment	Consolidated and separate financial statements	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 32 amendment	Financial instruments: Presentation	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 36 amendment	Impairment of assets	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 39 amendment	Financial instruments	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 3/IAS 27 revised	Business combinations/consolidated and separate financial statements	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009
IFRS 1 amended	First time adoption of IFRS	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 2 amended	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 7 revised	Financial instruments: Disclosures	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 8	Operating segments	No change to accounting policy, therefore, no impact	Supersedes IAS 14 from 1 January 2009	1 August 2009
IFRIC 16	Hedges of a net investment in a foreign operation	No change to accounting policy, therefore, no impact	1 October 2008	1 August 2009
IFRIC 17	Distribution of non-cash assets to owners	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009
IFRIC 18	Transfers of assets from customers	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009

International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ended 30 April 2010:

IFRS 2 amended	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 5 amended	Non-current assets held for sale and discontinued operations	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 8 amended	Operating segments	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010

IAS 7 amendment	Statement of cash flows	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IAS 17 amendment	Leases	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IAS 24 revised	Related Party Disclosures	No change to required disclosures, therefore, no impact	1 January 2011	1 August 2011
IAS 32 amendment	Financial instruments: Presentation	No change to required disclosures, therefore, no impact	1 February 2010	1 August 2010
IAS 36 amendment	Impairment of assets	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IAS 39 amendment	Financial instruments: Recognition and Measurement	No change to required disclosures, therefore, no impact	1 January 2010	1 August 2010
IFRS 9	Financial instruments – classification and measurement	No change to accounting policy, therefore, no impact	1 January 2013	1 August 2013

Management have reviewed the impact of the above standards and have concluded that they will not result in any material changes to reported results.

## OUTSTANDING SHARE DATA

As at the date of this MD&A the following securities are outstanding:

Ordinary Shares	95,485,000
Options	3,798,000
Total	99,283,000

### Further information

Additional information relating to the Group is on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Group's web site at [www.ramblermines.com](http://www.ramblermines.com).