

## Management Discussion & Analysis

### Date

This MD&A refers to material information regarding the **May 16, 2008 to August 15, 2008** third quarter of Chapleau Resources Ltd. and was prepared October 14, 2008.

### Overall Performance

During the quarter ended August 15, 2008 the Company spent \$891,777 on its exploration activities.

\$144,029 was spent exploring (3rd quarter, 2007 - \$217,717) the Mato Velho property in Brazil.

\$643,897 was spent drilling and exploring (3rd quarter, 2007 - \$455,479) the Coringa project in Brazil.

\$3,364 was spent exploring (3rd quarter, 2007 - \$83,300) the Cabeça Sul project in Brazil.

\$98,120 was spent drilling and exploring (3rd quarter, 2007 - \$71,568) the La Yegua project in Peru.

Also, \$1967 was spent (3<sup>rd</sup> quarter, 2007 - \$53,855) on the Los Suenos project, Brazil and \$400 was spent (3<sup>rd</sup> quarter, 2007 - \$0) on the Patty (Indian Ranch) project, Nevada.

On May 16, 2008, the Company announced that two directors have agreed to reduce their outstanding stock options by a combined total of 1,500,000 shares.

The directors decided to cancel these options to ensure that there is a pool of options available to reward and motivate employees and consultants for their contribution towards the success and exploration goals of the Company. These cancelled options will be returned to the general pool and when issued to employees and consultants in the future, they will be subject to the same terms and vesting period in accordance with the Company's stock option plan.

On June 5, 2008, the Company announced that it has received TSX Venture Exchange approval for and closed its private placement in respect to 2,000,000 units, at the price of \$0.45 per unit, to raise proceeds of \$900,000. All of the shares, warrants and any shares issued upon exercise of the warrants comprising the units are subject to a hold period and may not be traded in British Columbia until September 24, 2008 except as permitted by the *Securities Act* (British Columbia) and the Rules made thereunder and the TSX Venture Exchange.

On June 18, 2008, the Company announced that it negotiated a non-brokered private placement of 5,000,000 units at \$0.50 with Kinross Gold Corporation ("Kinross") for

proceeds of \$2,500,000. Each unit consists of one share and one two-year warrant, exercisable at \$0.70 in year one and \$1.10 in year two.

Ian Gendall, President of Chapleau commented, “This strategic investment by Kinross in Chapleau is positive recognition of the exploration and management team, and quality exploration properties”.

The proceeds from the private placement will be used to advance the Coringa and Mato Velho gold projects in Brazil and the copper-gold exploration program in Peru and for general working capital requirements.

On June 26, 2008, the Company announced it completed 8.0 km of soil sampling and reconnaissance rock sampling along the southeastern extension of the Lagresia gold mineralized zone at the Mato Velho gold project in Brazil. Significant gold in soil anomalies of greater than 30 ppb and up to 447 ppb gold have been identified over 1.4 km (see maps on website: <http://www.chapleauresources.com> ). The gold in soil anomalies have identified both extensions of the Lagresia vein structure to the southeast and at least two additional gold mineralized vein structures sub-parallel to Lagresia (see map on website: <http://www.chapleauresources.com> ). Rock (grab) samples taken from limited outcrop within the area of the soil anomalies have returned high-grade gold mineralization of up to 77.94 g/t gold and 45.00 g/t silver. The summary table of rock samples is shown below:

#### Summary Table of Rock (Grab) Samples – Mato Velho

Sample #	Easting	Northing	Au g/t	Ag g/t
R0008766	715309	9169081	1.29	<1
R0009445	714330	9180043	1.40	<1
R0008776	715948	9178703	77.94	45.00
R0008777	715638	9179468	15.29	26.00
R0008778	715713	9179428	3.81	3.50
R0008780	715225	9179333	29.74	11.00

Four widely spaced drill holes drilled along 1.0 km of the northwestern part of the Lagresia vein structure in October 2006 to March 2007 (see maps and press release dated May 03, 2007 on website: <http://www.chapleauresources.com> ), returned encouraging gold mineralization which included:

- 10.0 m of 6.72 g/t Au from 8.0 to 18.0 m in DDH 3.
- 1.0 m of 1.95 g/t Au from 29.0 to 30.0 m in DDH 4
- 3.0 m of 6.17 g/t Au from 31.0 to 34.0 m in DDH 5

The Lagresia gold mineralized structure can now be traced over at least 2.4 km and is still open to the northwest and southeast. Further ground geophysics will be done across this target zone to better define drill targets.

On June 27, 2008, the Company announced that further to its news release dated June 18, 2008, it has received TSX Venture Exchange approval for and closed its private placement in respect to 5,000,000 units, at the price of \$0.50 per unit, to raise proceeds of \$2,500,000. All of the shares, warrants and any shares issued upon exercise of the warrants comprising the units are subject to a hold period and may not be traded in British Columbia and Ontario until October 28, 2008 except as permitted by the *Securities Act* (British Columbia) and *Securities Act* (Ontario) and the Rules made thereunder and the TSX Venture Exchange.

On July 8, 2008, the Company announced it had commenced a 70.7 line km IP (induced polarization) dipole-dipole, geophysical survey over approximately 7.0 km of gold-bearing structures at Coringa (see maps on website [www.chapleauresources.com](http://www.chapleauresources.com)). This geophysical survey will be used to better define drill targets being planned for the 7,000 m, third phase diamond drill program to commence in August 2008.

The 7,000 m diamond drill program will be done with two drill rigs and will target:

1. Extensions of gold mineralization along the Guaxebinha-Meio-Onça structure that has a strike length of 1,120 m. Limited drilling (4 drill holes) in the Meio zone has identified high grade gold over an area of 200 m. Previous drill results included:
  - Hole 62 with 3.0 m of 65.77 g/t (1.92 oz/t) Au, 65.17 g/t (1.90 oz/t) Ag, 6.03 % Pb, 4.35 % Zn and 0.45 % Cu from 56 to 59 m.
  - Hole 11 (This hole was drilled approximately 50 m northwest of hole 62) with 2.0 m of 23.67 g/t Au, 28.25 g/t Ag and 1.67 % Pb from 50 to 52 m).
  - Hole 65 with 5.0 m of 3.57 g/t Au, 28.73 g/t Ag, 2.23 % Pb, 1.91 % Zn and 0.25 % Cu from 113.5 to 118.5 m. This hole was drilled approximately 33 m northeast of Hole 62.
2. Gold mineralization below 150 m depth on the Serra structure which had the following best drill intercepts highlighted in the table below and previously reported in press releases on website [www.chapleauresources.com](http://www.chapleauresources.com).

**Summary Table of Best Drill Intercepts - Serra Structure**

Drill Hole ID	FROM	TO	WIDTH (m)	Au_(g/t)
BR_COR_DDHI	33.00	34.50	1.5	29.31
BR_COR_DDHI41	60.50	62.00	1.5	14.82
BR_COR_DDHI42	38.00	39.50	1.5	22.47
BR_COR_DDHI57	97.00	98.50	1.5	16.08
BR_COR_DDHI61	98.50	100.00	1.5	15.97
BR_COR_DDHI38	36.20	37.80	1.6	9.08
BR_COR_DDHI57	97.00	98.50	1.5	16.08

On July 24, 2008, the Company announced it completed the regional pan concentrate sampling of streams to the west and southwest of the principal 10 km of gold mineralized structures at the Coringa gold project in Brazil. Geochemical results received from the pan concentrate sampling have confirmed anomalous gold values ranging from 3 to 150 g/t gold which define at least 3 additional potential sources of gold over an area of 20 sq km (see maps on website: <http://www.chapleaurresources.com> ). Further follow-up exploration to more accurately define the sources of gold mineralization is currently underway.

A time domain electromagnetic (EM) geophysical survey of 860 line-km will also be flown in August, 2008 to cover all identified pan concentrate and gold in soil anomalies both at Coringa and Mato Velho. The EM survey will be done to enhance and delineate future drill targets on the 31,995 ha of claims (see maps on website: <http://www.chapleaurresources.com> ).

Regional pan concentrate sampling of streams, limited follow-up soil sampling and the 3,139.68 line-km airborne magnetic, gradiometric and radiometric geophysical survey flown over the area in 2007, have been very successful in expanding the gold potential of the Coringa-Mato Velho gold camp. Beyond the original 10 km of gold mineralized structures and 4.5 km of artisanal gold workings at Coringa and Mato Velho an additional 13 km of unexplored gold targets at Coringa and at least 2 km of additional gold mineralization at Mato Velho have been identified.

Ian Gendall (President) commented: “We are extremely encouraged with the results from the regional reconnaissance program and are looking forward to the results of the helicopter borne electromagnetic survey to extend our drill targets beyond the initial drill tested areas. The discovery of additional gold-bearing parallel structures demonstrates the potential for multiple mineralized zones at Coringa. A 7,000 m drill program will commence in August and two drill rigs will be on site until 2009”.

## Results of Operations

Chapleau Resources Ltd. has no sales and earns no revenues. Raising capital through sales of the Company’s shares and warrants, as well as proceeds from sales of investments, fund Chapleau’s mining exploration operations.

## Summary of Quarterly Results to August 15, 2008

Description	Nov15/06 \$	Feb15/07 \$	May15/07 \$	Aug 15/07 \$	Nov 15/07 \$	Feb 15/08 \$	May 15/08 \$	Aug 15/08 \$
Sales/Revenue	0	0	0	0	0	0	0	0
Income/(Loss)	(2,931,983)	(13,780)	1,451,753	(547,890)	(1,556,352)	(718,982)	189,521	(322,246)
Net loss per share Basic & diluted	(0.040)	(0.000)	0.018	(0.007)	(0.001)	(0.008)	0.002	(0.004)

The net loss from operations for the quarter was \$322,246 or a \$0.004 loss per share, basic and diluted.

Total assets to August 15, 2008 were \$20,633,592.

Chapleau Resources Ltd. has no long term financial liabilities and no cash dividends per share.

Management fees of \$37,500 were paid for the quarter to one director, pursuant to a management contract. The Company recognizes the expertise of this individual and wishes to retain his services on a continuing basis.

During the quarter ending August 15, 2008, 7,000,000 warrants were granted regarding private placements. There were 2,000,000 warrants issued exercisable at \$0.60 in year one and \$1.00 in year two and 5,000,000 warrants issued exercisable at \$0.70 in year one and \$1.10 in year two. No warrants were exercised or expired during the quarter.

During the quarter, 198,000 stock options were granted at a price of \$0.46, no options were exercised, 500,000 expired at a price of \$0.49 and 1,500,000 options were cancelled as two directors agreed to reduce their outstanding stock options to provide room under the Company's option plan for future grants.

Chapleau Resources Ltd. issued 7,575,000 common share during the quarter (7,000,000 shares regarding two Private Placements, 500,000 shares regarding a property option and 75,000 regarding a Finder's Fee payment).

As of August 15, 2008, there were 93,417,817 shares issued and outstanding for a consideration of \$38,726,749.

### Subsequent Events

On September 11, 2008, the Company announced it had initiated the Phase 3-drill program of 7,000 m on the Coringa Gold Project in Brazil. This phase of drilling will initially include targeting the strike and depth extensions of the high-grade gold zone of the Meio target (200 m strike length) and drilling along extensions and at depth of the gold zone at Serra (800 m strike length). A summary of gold results previously reported for these 2 zones includes the following:

<b>MEIO ZONE</b>				
BHID	FROM (m)	TO (m)	WIDTH (m)	Au_g/t
BR_COR_DDH11	50.00	51.50	1.5	31.25
BR_COR_DDH62	56.00	59.00	3.0	65.77
BR_COR_DDH65	116.00	118.00	2.0	5.85
<b>SERRA ZONE</b>				

BHID	FROM (m)	TO (m)	WIDTH (m)	Au_g/t
BR_COR_DDHI	33.00	34.50	1.5	29.31
BR_COR_DDHI41	60.50	62.00	1.5	14.82
BR_COR_DDHI42	38.00	39.50	1.5	22.47
BR_COR_DDHI57	97.00	98.50	1.5	16.08
BR_COR_DDHI61	98.50	100.00	1.5	15.97
BR_COR_DDHI38	36.20	37.80	1.6	9.08

The location of all 66 drill holes for the phase 1 and 2 drill programs and the first 12 holes for the Phase 3 program at Coringa are highlighted on the website: [www.chapleauresources.com](http://www.chapleauresources.com), see maps – #'s 3 and 10).

Interpretation of the IP and magnetic survey results to date has highlighted at least another 23 new targets representing approximately 3,450 m strike of potential gold mineralization, which have the same and/or better chargeability response as previously drilled gold zones such as Serra and Galena-Vesa-Boca (see website: [www.chapleauresources.com](http://www.chapleauresources.com), see geophysical maps – #'s 14 and 15).

Ian Gendall, President of Chapleau, commented that: “The 62 line-km IP Survey together with the 90 line-km magnetic survey have provided excellent data for the definition of targets for our Phase 3 drill program. This new information combined with the 1,109 line-km EM airborne geophysical program currently underway and the previously released pan concentrate sample results will significantly enhance the expansion of the currently known 10 km of gold mineralized structures at Coringa. The discovery of additional gold-bearing parallel structures demonstrates the potential for multiple mineralized zones at Coringa. Favorable IP results have also allowed us to expand the survey an additional 24 line-km to include further regional targets identified from the pan concentrate gold anomalies”.

Given the accelerating advancement of Chapleau’s Brazilian gold projects, the Company is increasingly focusing on the financial requirements for project development and strategic planning. In this light, Chapleau is pleased to announce that it has appointed David Stypula as Vice President of Corporate Finance. Mr. Stypula, who has a Bachelor of Science degree with a specialty in finance, has been an investment advisor for the past 3 years with CIBC Wood Gundy. Mr. Stypula’s duties include assisting Management and the Board of Directors in developing effective liaisons with financial institutions and investors for the purpose of generating the necessary funds to support and expand the scope of the Company’s business.

On October 6, 2008, the Company issued 650,000 shares as an option payment on the Coringa property.

## **Liquidity**

Management of Chapleau Resources Ltd. has demonstrated consistent ability to raise equity capital through various market conditions. At the quarter ending August 15, 2008, Chapleau Resources Ltd. had \$744,756 cash on hand and short term investments.

Management anticipates that they can continue to raise funds required for further exploration of their properties, however, the junior resource market is very volatile and it is always possible that funds cannot be raised. The Company had accounts payable of \$103,708 as at August 15, 2008.

The Company had liquid assets in the form of Far West Mining Ltd. shares in the amount of \$7,242,450.

## **Capital Resources**

The only resources available to Chapleau Resources Ltd. to raise exploration funds are the equity markets.

Chapleau Resources Ltd. has no unfulfilled obligations on its properties at this time.

## **Off-Balance Sheet Arrangements**

None

## **Transactions with Related Parties**

During the quarter, management fees of \$37,500 (3rd quarter, 2007 - \$40,000 to two directors) were paid to a director for his expertise in obtaining resource properties, obtaining financing and managing the affairs of the Company.

During the quarter, consulting fees of \$18,798, covering Nov/07 to April/08, (3<sup>rd</sup> quarter, 2007 – \$6,250), were paid to a law firm of which one of the partners is a director. Previously it was reported that \$33,750 was paid to this law firm but this figure was negotiated to \$18,798 during the quarter. The difference between the previously reported amount of \$33,750 and revised payment of \$18,798 is \$14,952 which was credited to the consulting fee account resulting in a balance of (\$4,966) at August 15, 2008.

## **Proposed transactions**

None

**Share Data:** 93,417,817 were issued and outstanding at August 15, 2008. Additional information relating to the Company is available on SEDAR @ [www.sedar.com](http://www.sedar.com).