

TEAL EXPLORATION & MINING INCORPORATED

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the results of operations and financial position for the three months ended September 30, 2007 for TEAL Exploration & Mining Incorporated ("TEAL" or the "Company"), dated November 14, 2007 should be read in conjunction with our consolidated financial statements and notes thereto, which are expressed (unless otherwise specified) in United States dollars and prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Mr. Claus Schlegel, Pr.Nat.Sci (No. 400149/90), the Company's Vice President: Exploration and Business Development and a 43-101 "qualified person" as defined by the Canadian National Instrument 43-101, has reviewed the technical material contained herein.

This MD&A contains certain forward-looking statements based on management's current expectations. The forward-looking statements entail various risks and uncertainties which could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A. Reference is also made to the "Cautionary Notice Regarding Forward-Looking Statements" below.

Within this MD&A, references to "TEAL" or "the Company" mean the corporate entities and the business in respect of the mineral projects and other interests and assets acquired by TEAL from African Rainbow Minerals Limited ("ARM") in 2005.

HIGHLIGHTS

- **Accelerated drilling program in the DRC providing encouraging results.**
Selected results:
 - LPRD004 – 40 drill metres at 7.08%Cu
 - LPRD034 – 26 drill metres at 5.17%Cu
 - LPDR028 – 16 drill metres at 3.33%Cu
 - LPOR005 – 25 drill metres at 5.60%Cu
- **Initial mining levels at the Lupoto Copper Project in the DRC achieved; furnace commissioning has commenced**
- **The Konkola North Copper Project's mining technical feasibility study completed with increased exploration drilling within Area 'A' Extension now being undertaken on the property in Zambia**
- **The Otjikoto Gold Project in Namibia announces a mineral resource upgrade:**
 - 460,000oz reported in the indicated category; and
 - An additional 1.32Moz in the inferred category
- **Additional bridging finance secured with a guarantee from major shareholder, ARM**

1.0 Overview

TEAL is incorporated under the laws of the Yukon, Canada and its common shares are listed on the Toronto Stock Exchange (“TSX”) and the JSE Limited (“JSE”). The common shares of the Company trade under the symbol “TL” on the TSX and “TEL” on the JSE.

TEAL is a mineral development and exploration company with development projects and exploration areas in Namibia, Zambia and the Democratic Republic of Congo (“DRC”). TEAL has a portfolio of base and precious metal development projects and complementary exploration areas, and the Company continues to seek other opportunities, mainly in southern and central Africa.

TEAL has targeted specific projects: the Kasonta-Lupoto Mines s.p.r.l. (“Kalumines”) Lupoto Copper Project in the DRC, the Konkola North Copper Project in Zambia; and the Otjikoto Gold Project in Namibia. TEAL also has interests in various other mineral licence areas in Zambia and in Namibia on which the Company continues drilling and other exploration activities.

TEAL recently announced that Standard Chartered Bank has made available an increased bridging facility to the Company that totals \$50 million. This replaces the \$20 million facility from Standard Chartered Bank that was secured in May 2007. The facility is guaranteed by ARM, TEAL’s major shareholder. This facility is unsecured, matures on August 31, 2008, and each advance will be at a minimum amount of \$5 million. The proceeds of the facility will be used for general corporate funding requirements, as well as working and other capital requirements, *inter alia*:

- Kalumines’ Lupoto Copper Project in the DRC where planned mining production levels for the phase 1 mine are being achieved and where the construction of a demonstration plant will commence shortly for a phase 2 operation aimed at increasing production levels, plant expansions and efficiencies;
- Continuing exploration drilling to verify, upgrade and expand the presently defined, historical inferred mineral resource estimate at the Lupoto Copper Project;
- TEAL Metals’ electric arc furnace in Lubumbashi, DRC, that is in the process of commissioning;
- Finalizing the feasibility study on the Konkola North Copper Project in Zambia and the acquisition and order placement of various long-lead items for the project; and
- Continuing the exploration drilling campaign that is underway on Area “A” Extension on the Konkola North property.

Funding to continue the exploration drilling program and complete a pre-feasibility study on the Otjikoto Gold Project (“Otijkoto”) in Namibia will be drawn from the expected payment from EVI Mining Company Limited (“EVI”). The transaction between TEAL and EVI comprises the intended subscription by EVI of an initial 10% of the share capital in an indirectly held TEAL subsidiary, Avdale Namibia (Proprietary) Limited (“Avdale”). Payment totals \$5.5 million: made-up as to \$4.4 million for 8% on closure of the final agreements, and \$1.1 million payable within six months after closure for the balance, resulting in the 10% equity interest in Otjikoto and the surrounding assets. TEAL has also given EVI an option to acquire a further 5% following the completion of a definitive feasibility study assessing the viability of developing Otjikoto. The option on the additional 5% interest in Avdale will be priced, according to fair market value principles, at the time of the delivery of the feasibility study. The shareholders of EVI

are broad-based and include various investment companies owned by Namibians, including Omankete Investment (Pty) Limited, the Namibian Mine Workers Investment Company, Pamue Investments Corporation and the Omusati Women Empowerment Group. EVI's Chairman is Dr Leake S. Hangala.

2.0 Mineral Projects and Exploration Areas

Democratic Republic of Congo - Copper and Cobalt Project

Kalumines' Lupoto Copper Project – TEAL 60%

Situated in the DRC in proximity to the city of Lubumbashi, Kalumines, a joint venture with La Générale des Carrières et des Mines (“Gécamines”), hosts four near surface areas of copper mineralization, namely Lupoto, Kasonta, Karavia and Niamumenda. TEAL has an existing mining licence over the Kalumines property.

The authorities in the DRC have established a Commission to review mining licences and other agreements. This Commission, under the authority of the Minister of Mines, was to report its findings to Cabinet and for review by the Presidency during November 2007. The over-riding objective is to create a cohesive policy and an investor friendly environment for mining in the DRC. TEAL fully supports this initiative and has co-operated with the review process. The mining title held by TEAL, through Kalumines, has not been questioned and the Company awaits the formal release following the Cabinet's consideration.

TEAL had previously identified a resource with historical estimates (in terms of National Instrument 43-101) of 6.7 million tonnes grading 3.13% copper at the Lupoto Copper Project and 1.5 million tonnes grading 5.18% copper at the Kasonta prospect, which is located less than one kilometre east of Lupoto. TEAL believes that these historical estimates indicate the potential for open pit copper (and cobalt) mineralization within the collectively termed, Kalumines area, and that the previously captured data supports a classification of the historical mineral resource estimates as Inferred.

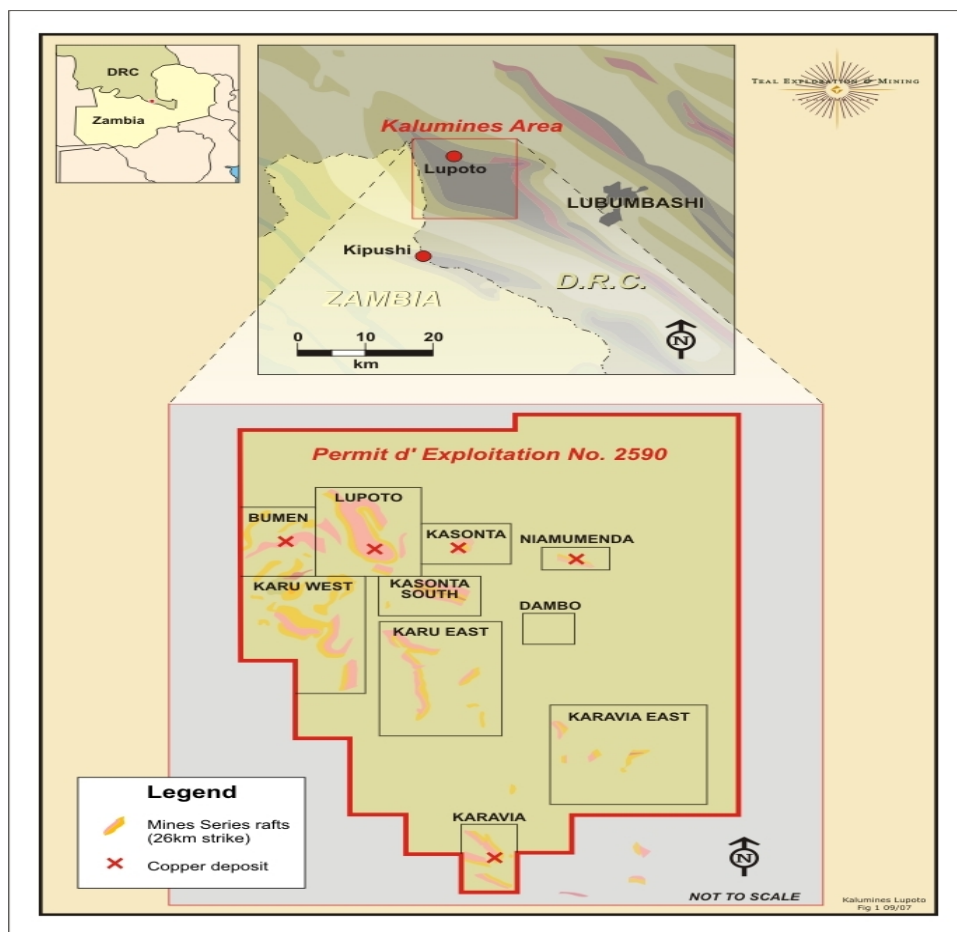
TEAL has focused to date on the Lupoto Copper Project area where exploration drilling commenced in early 2007 and it was announced on May 15, 2007 that mining at Lupoto had started. Shortly after the end of the period under review, planned production levels were exceeded, and mechanized sorting equipment, primarily screening plants and conveyor belt systems, started commissioning to improve efficiencies of the manual sorting process. Laboratory test work on the leaching of the finer copper containing material at the Lupoto Copper Project has been completed and is showing encouraging results. The design of a demonstration plant for the leaching of this material, from which copper is produced through a cementation process, has been completed and it is expected that construction will commence shortly.

A feasibility study on a larger open pit mining operation at the Lupoto Copper Project, together with a dedicated processing facility at Lupoto to produce LME ‘A’ grade copper cathodes, is in progress.

On October 9, 2007 TEAL announced further high-grade exploration drilling intersections at the Lupoto Copper Project. Phases 1 and 2 of the drilling program have now been completed: these phases confirmed and verified the historical mineral resource estimate for the Lupoto Copper Project; while a further phase 3 drill program, which is aimed at increasing the resource, is advancing.

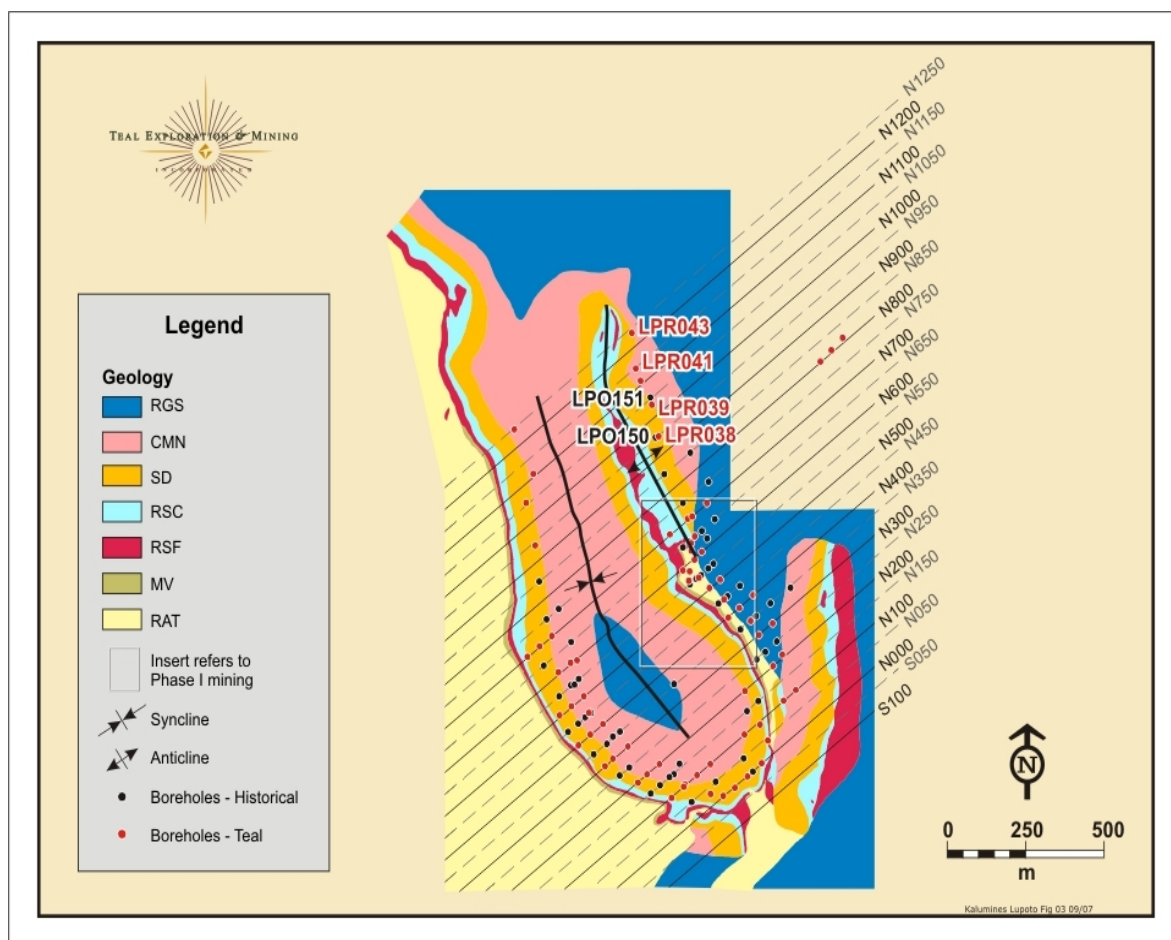
The Kalumines Area (refer to Figure 1) occurs within a wide kite-shaped anticline zone cored by Roches Argilo-Talcqueuse and containing numerous rafts of Mine Series rocks, comprising more than 26km of strike. TEAL’s exploration program has also identified further exposures of copper mineralization. Further exploration work on the property, comprising geological mapping and geochemical sampling, is in progress. The Lupoto Copper Project has been drilled in the past by Union Miniere du Haut Katanga (“UMHK”) and Gécamines. A total of 73 diamond drill holes totaling over 9,100 metres were drilled between 1923 and 1967, while some additional drilling occurred until 1977. Most of the drilling, where drill fences were completed at 100 metre intervals, was focused on the southern portion of the project where the surface mineralization was best developed. The high grade Karavia prospect was mined on a small-scale between 1959 and 1963 by UMHK and remains an interesting prospect.

Figure 1: Regional setting of the Kalumines licence area and known copper and cobalt occurrences



Phase 1 verification drilling program (refer to Figure 2): The aim of the phase 1 drilling program was to verify the previously drilled resource, defined by Gécamines, on the Lupoto prospect. Twelve twin boreholes were drilled and further drilling comprised closer spaced boreholes at 50 metre intervals between the previously drilled boreholes by Gécamines and UMHK. The phase 1 drilling program also included verification boreholes in the area defined for rapid-entry open-pit mining (refer to Figure 3). A total of 2,485 metres were drilled, comprising 22 reverse circulation holes and 10 diamond drill holes. Geological logging and sampling of the borehole core and chip samples were completed and final analytical results are being awaited.

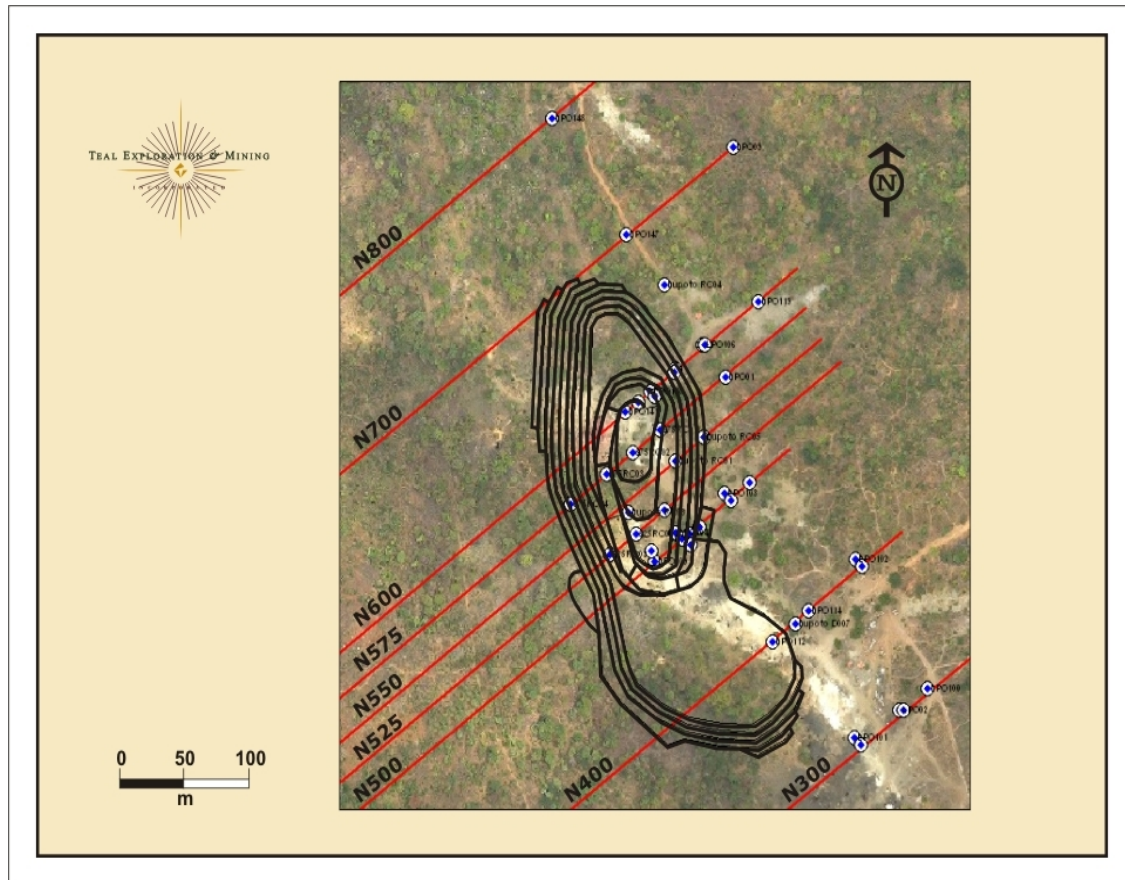
Figure 2: Lupoto Copper Project – geological map, grid lines and phases 1, 2 and 3 borehole positions



Phase 2 – Infill drilling program between lines N000 and N700 (refer to Figure 2): The objective of the phase 2 drilling program was to decrease the drill spacing to 50 metre line intervals to outline the resource more accurately, which will ultimately assist in defining the resource in the southern portion of the Lupoto Copper Project. A total of 4,906 metres were drilled, comprising 46 boreholes, 28 reverse circulation holes and 18 diamond drill holes. The drill program has been completed and analytical results are being awaited. Initial results of this completed drilling program, with a comparison of the results of previously drilled boreholes are shown in Table 2 on page 7, which refers to the schematic sections for the central limb at the Lupoto Copper Project, as shown in Figure 3. A good comparison between the previously drilled borehole intersections and the TEAL drilled boreholes is evident.

Phase 3 – Expansion drilling program between line N700 and N1250 (refer to Figure 2): The aim of the phase 3 expansion drilling program is to expand the Lupoto Copper Project resource to the north on both limbs, to define possible copper mineralization on the eastern raft, and to define geology and copper mineralization of the hinge zone to the south of line N000. The reverse circulation chips are presently being logged and samples are being prepared for submission to the independent laboratory. During the last three months, continuity of the mineralization has been confirmed on the central limb from N700 to N1250 and management believes that the ore body remains open to the north on the western limb. Mineralization was intersected between 60–90 metres (vertical depth) and remains open at depth. Initial results from the borehole intersections are shown in Table 3 on Page 7 (refer to Figure 2 for borehole positions).

Figure 3: Photo image and mine contours of TEAL’s current phase 1 operation on the Lupoto Copper Project with borehole collar positions



Diamond drilling has now started to upgrade the resources into an indicated category. The table below shows metres drilled over the last three month period and the planned drilling over the next few months.

Month	Project	Phases	Drilled metres		
			Reverse Circulation Drilling	Diamond Drilling	Total
July-07	Lupoto	2	732	178	910
August-07	Lupoto	2 & 3	1,317	120	1,437
September-07	Lupoto	3	1,167	0	1,167
Sub-Total			3,216	298	3,514
Planned	Lupoto	3	1,550	0	1,550
Planned	Lupoto	Sterilization	700	0	700
Planned	Lupoto	Metallurgical	0	200	200
Planned	Lupoto	Infill	1,895	3,905	5,800
Total			7,361	4,403	11,764

TABLE 2: SELECTED DRILL RESULTS OF THE LUPOTO EAST LIMB

Section	Borehole No.	Depth from (m)	Drill width (m)	Cu (%)	Co (%)
N000	LPOD 001	6.6	2.7	11.2	0.11
	LPOD 001	23	13	6.4	0.11
N000	LPO 152*	49.5	12.8	1.21	0.14
N000	LPO 153*	39.2	10.6	2.09	0.01
N000	LPO 134*	11.2	24.6	2.83	0.21
N450	LPDR 028	66	16	3.33	0.01
N450	LPRD 029	21	16	3.31	0.01
	LPRD 029	46	31	2.88	0.01
N500	LPO 123*	78.7	22.6	5.12	0.22
	LPO 123*	104.4	11.8	8.86	0.25
	LPO 123*	131.8	22.5	1.71	0.25
N500	LPO 106*	65.6	54.4	4.97	0.24
N500	LPO 140*	27.9	29.7	6.39	0.33
N500	LPO 141*	1.7	30.8	5.29	0.19
N550	LPOR 005	65	25	5.6	0.01
N550	LPOR 003	4	5	1.66	0.01
N550	LPOR 001	30	49	6.76	0.01
N600	LPO 139*	74.1	53.1	4.68	0.31
N600	LPO 103b*	48	23.4	4.29	0.24
	LPO 103b*	74.4	50.6	3.46	0.24
N600	LPO 116*	26.8	15.1	1.51	0.12
	LPO 116*	45.1	20.7	5.79	0.12
	LPO 116*	71.3	18	6.52	0.2
	LPO 116*	91.5	17.6	1.05	0.2
N600	LPO 104*	22.7	36.5	7.18	0.21
N600	LPO 109*	29.6	2.6	2.2	0.13
	LPO 109*	34.7	7.9	6.13	0.13
N650	LPRD 034	140	26	5.17	0.01
N650	LPRD 004	100	40	7.08	0.01
N650	LPRD 035	34	21	3.9	0.01
<p>* UMHK/Gécamines boreholes drilled previously (historical results) Cobalt at 0.01% is below detection As the information is not yet available, TEAL will report "true widths" of intersections when the 43-101 compliant resource is completed</p>					

**TABLE 3: DRILL THICKNESS OF COPPER MINERALIZATION
(Refer to Figure 2 for borehole positions)**

Borehole No.	Drill thickness
LPR 038	38m
LPR 039	30m
LPR 040	15m and 18m
LPR 041	41m and 15m
LPO 150*	13.5 m @ 1.83% T Cu, 0.36% T Co
LPO 151*	23.8 m @ 6.80% T Cu, 0.13% T Co

* Previously drilled boreholes and analytical results

Geological modeling and resource estimation: TEAL has appointed an independent consultant to conduct the database verification, geological modeling, ore body modeling and resource estimation work. A geological model has been created and the ore body has already been modeled for the Lupoto Copper Project between grid lines N000 to N700, and the data up to line N1250 will be included over the next few months.

TEAL Metals (DRC) s.p.r.l. (“TEAL Metals”) – TEAL 100%

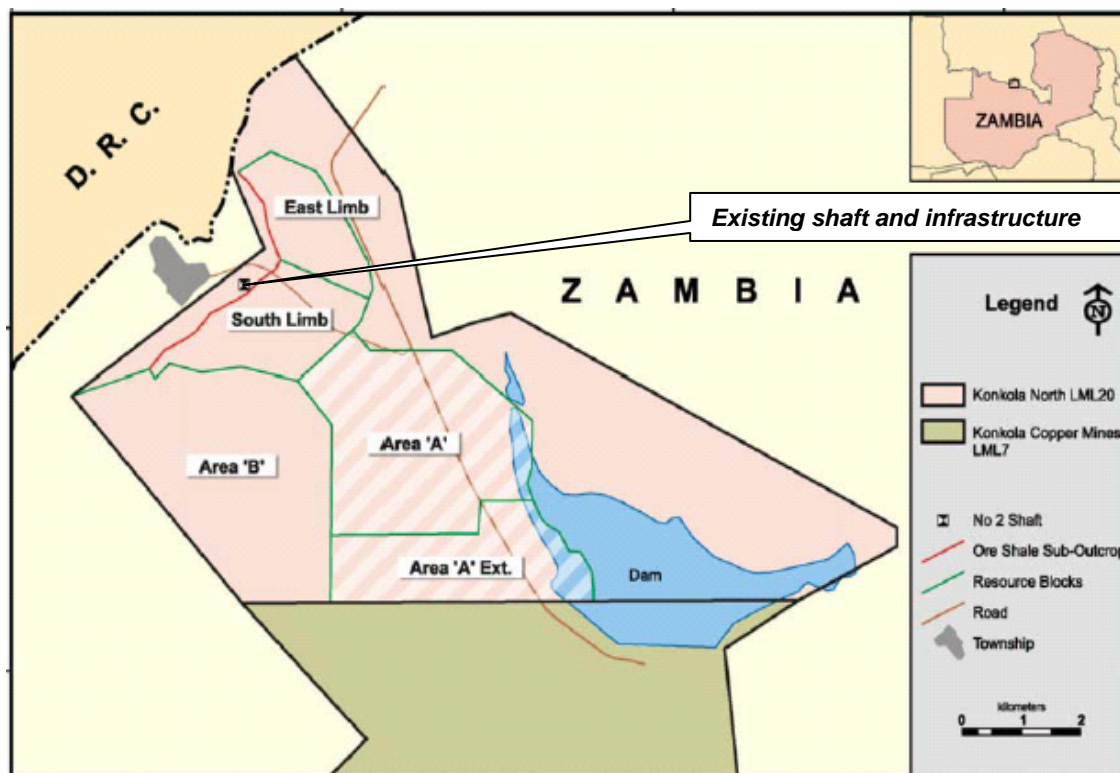
TEAL Metals purchases all the concentrates produced at Kalumines’ Lupoto Copper Project. Approximately 1,800 tonnes a month of concentrates will eventually be smelted in TEAL Metals’ electric-arc furnace. This furnace, which is expected to complete hot commissioning before the end of 2007, has a capacity to produce approximately 5,000 tonnes per year of blister copper ingots with a grading of 85% to 95% copper. The surplus concentrates, some 1,400 tonnes a month, are being sold to various other smelter operators in the DRC, in particular, to Société Minière du Katanga s.p.r.l. (“Somika”) with whom TEAL Metals has formed a joint venture to process the excess copper ore material at Somika’s facilities. TEAL Metals supplies the concentrate at a pre-determined price and Somika provides all resources, whereafter profits are being shared on a formula basis. Approximately 99 tonnes of blister copper was produced through this arrangement and was sold subsequent to the end of the quarter under review.

Waka Mining s.p.r.l. (“Waka Mining”) and TEAL have started negotiations to enable Waka Mining to acquire a 25% interest in TEAL Metals (DRC) s.p.r.l. Waka Mining’s shareholders are Sébastien Lomena Ibeke (50%) and Mukunta N’soke (50%), both prominent businessmen in the DRC. The Waka Mining MOU also contemplates the two companies jointly pursuing opportunities for further investment in mining endeavours. TEAL and Waka Mining are now working towards final agreements, which remain subject to various conditions.

Zambia – Development and Exploration Projects

Konkola North Copper Project - TEAL currently 100%

The Konkola North property consists of a single large-scale mining licence (“LML 20”) covering an area of 44 square kilometres. The Konkola North copper resource is the second-largest known copper resource on the Zambian Copperbelt. TEAL currently has 100% ownership of the Konkola North Copper Project with ZCCM Investment Holdings plc, a company controlled by the Zambian government, retaining the option of buying up to a 20% stake, with 5% being a ‘free-carry’.



The Konkola North Copper Project is a large undeveloped underground copper resource located within the greater Konkola area of the Zambian Copperbelt. In the South Limb, TEAL currently has measured and indicated mineral resources of 11.3 million tonnes at a grade of 2.35% copper, and at the East Limb, TEAL has measured and indicated mineral resources of 13.5 million tonnes grading 2.37% copper. A further resource of 47.7 million tonnes at 1.98% copper is estimated in the inferred mineral resource category within these areas. These resource estimations were undertaken by Gijima AST, and are based on the previously defined resource blocks. TEAL is currently in the process of redefining these resource blocks according to the planned mining schedules, and updating the results of the mineral resource estimations for Konkola North.

Previously reported resources relating to the subdivided southern portion of the Konkola North property indicate an inferred mineral resource of approximately 107 million tonnes (in Area 'A') and 63 million tonnes (in Area 'A' Extension) at copper grades of 2.30% and 3.88%, respectively. Previous resource estimations by Gijima AST identified a total resource for the greater Area 'A' of 184.9 million tonnes at copper grades of 2.65%. Additional exploration drilling work is required to increase the geological confidence of these resources and TEAL is currently undertaking an 18,000 metre exploration drilling program. This drilling is exploring and further defining the high grade intersections returned by previous boreholes in the previously defined Area 'A' Extension. Drilling started in July 2007 and the phase 1 drilling program is expected to be completed in the 2008 calendar year.

Existing infrastructure at the Konkola North South Limb deposit includes a 423-metre deep, vertical and concrete lined shaft, complete with head-frame, two ventilation shafts and three main access haulage levels, interlinked with several production sub-levels.

The technical aspects of the Konkola North Copper Project feasibility study, based on an operation to exploit the South and East Limb areas of the ore body, have been completed. The study has confirmed the practicality of using the existing shaft to gain access to the

ore body by mining first in the South Limb area, followed by the development and mining of the East Limb area. The Company has assessed the viability of a dedicated processing facility for Konkola North, and this is now being combined with the underground feasibility to ascertain overall project economics. Certain long lead items are being acquired, such as a mill, mine shaft winders and the electrical requirements for the winder system, upgrading of the mine power supply and the detailed design of the steelwork sections in the shaft that require replacement.

Namibia – Gold Project and Exploration Area

Otjikoto Gold Project, Greater Otjikoto Project Area and Otavi Exploration Area – TEAL 100%

The Otjikoto Gold Project is situated within TEAL’s 100% owned Otavi Exploration Area, which totals 3,800km² in north-central Namibia, where the Company discovered vein-hosted gold mineralization. The gold occurs as ‘free’ and often coarse gold within predominantly pyrrhotite-magnetite-pyrite veins.

When TEAL completed its initial public offering on the TSX in November 2005, the Otjikoto Gold Project’s resource estimate totaled 873,000 ounces in the inferred category. Following significant drilling and geological interpretation since that time, an updated National Instrument 43-101 for the Otjikoto Gold Project was recently filed with the relevant authorities in Canada. The independent company that completed the report, titled *Otjikoto Gold Project – Otavi Region, Republic of Namibia – Independent Technical Report (van der Merwe & Wanless, September 2007)*, was SRK Consulting (South Africa) (Pty) Limited (“SRK”). The report includes additional infill and extension drilling and the changes reflect extensions of all three mineralized zones based on the additional drilling results. SRK recognizes areas of higher risk, particularly on the Bottom Veins Zone, and these areas have remained classified as inferred resources. SRK consider however that the confidence in the estimates in the area with closely spaced drilling has increased significantly.

The approach to the geological modeling as well as the extension of the mineral resources to the south and west has resulted in increased tonnages and contained gold for all three of the mineralized zones. The number of composites used in the estimation of each zone has increased between 100% for the Lower Zone, 130% for the Upper Zone, and 180% for the Bottom Veins Zone. The Upper Zone has increased by approximately 30% with respect to tonnes, and by approximately 21% with respect to grade. SRK consider the revised and updated interpretation to be reasonable based on the additional information available. A summary of SRK’s mineral resources for TEAL’s Otjikoto Gold Project is as follows:

<i>WEATHERING</i>	<i>CLASSIFICATION</i>	<i>MTonnes</i>	<i>Au g/t</i>	<i>Koz</i>
Oxide	Indicated	2.07	1.32	87.7
Fresh		9.75	1.19	371.5
	TOTAL INDICATED	11.82	1.21	459.18
Oxide	Inferred	0.57	1.33	24.5
Fresh		31.53	1.28	1,295.9
	TOTAL INFERRED	32.10	1.28	1,320.4

SRK support the classification as inferred and indicated mineral resources, and additionally consider there to be potential for definition of additional mineral resources

and further upgrading the categories as the drilling density increases and the extent of drilling increases to the southwest of the current project area.

Resource definition work continued over the last quarter with fourteen diamond drill holes completed over a distance of 2,200 metres, and 59 RC boreholes totaling approximately 5,600 metres. Twelve of the diamond holes, and all the RC holes, were drilled as part of the resource infill drill program to reclassify portions of the current resource into higher confidence categories. Twelve large diameter boreholes were also completed, totaling 1,225 metres, to complete samples for metallurgical test work purposes.

Diamond and RC drilling is also underway within the Greater Otjikoto Exploration Area to test anomalies for continuing gold mineralization adjacent to the presently defined Otjikoto deposit.

TEAL has started a pre-feasibility study on the Otjikoto Gold Project and anticipates the completion of the study next calendar year and, if there is a positive conclusion, it will be followed by the immediate initiation of a bankable feasibility study with the goal of fast tracking the Otjikoto Gold Project to a mine development decision. Metallurgical test work is showing encouraging pre-concentration results.

TEAL recently announced a partnership with EVI in Namibia. The transaction between TEAL and EVI comprises the intended subscription by EVI of an initial 10% of the share capital in Avdale, with an option to acquire a further 5% following the completion of a definitive feasibility study assessing the viability of gold mining at the Otjikoto Gold Project. TEAL and EVI have also signed a corporate opportunity agreement resulting in a reciprocal arrangement on all future mining and exploration opportunities in Namibia.

3.0 *Financial Overview*

The consolidated results for the three months ended September 30, 2007, as well as corresponding periods, are shown in the table below:

	Three months ended Sep 30 2007	Year ended Jun 30 2007	Three months ended Jun 30 2007	Three months ended Mar 31 2007	Three months ended Dec 31 2006	Three months ended Sep 30 2006
	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE						
Interest received	36	624	29	115	205	275
	36	624	29	115	205	275
EXPENSES						
Exploration and development costs	8,647	24,175	7,190	8,907	4,200	3,878
Corporate and administration costs	406	659	464	(37)	108	125
Stock based compensation	600	2,288	467	730	385	706
Reorganisation cost and professional fees	447	1,127	225	375	363	164
Foreign exchange loss / (gain)	45	241	236	(89)	80	14
Interest paid	253	45	45			
	10,398	28,535	8,627	9,885	5,136	4,887
Net loss before taxes	(10,362)	(27,911)	(8,598)	(9,770)	(4,931)	(4,612)
Income taxes	-	163	48	44	40	31
Net loss after taxes	(10,362)	(28,074)	(8,646)	(9,814)	(4,971)	(4,643)
Minority Shareholders Interest	-	(808)	(23)	(218)	(567)	-
Net loss for the period	(10,362)	(27,266)	(8,623)	(9,596)	(4,404)	(4,643)
Deficit, beginning of period	(37,358)	(10,092)	(28,735)	(19,139)	(14,735)	(10,092)
Deficit arising on acquisition	-	-	-	-	-	-
Deficit, end of period	(47,720)	(37,358)	(37,358)	(28,735)	(19,139)	(14,735)
Basic and diluted loss per share	(0.19)	(0.51)	(0.16)	(0.18)	(0.08)	(0.09)
Weighted average number of shares outstanding ('000s)						
	53,911	53,906	53,911	53,911	53,902	53,900

The Company recorded a consolidated net loss for the three months ended September 30, 2007 of \$10.4 million, or \$0.19 loss per share, which compares to a net loss for June 30, 2007 of \$8.6 million, or \$0.16 loss per share. This quarter-on-quarter increase is indicative of the accelerated expenditure that occurred on the exploration drilling program in the DRC, as well as the commencement of mining and the start of commissioning of the electric-arc furnace.

The Company is organized and managed geographically: this includes the DRC, Zambia and Namibia. The following is a summary of Exploration and Development Costs incurred by the Company related to its mineral property interests for the three months ended September 30, 2007:

Segmented Exploration and Development Expenses

	Three months ended Sep 30 2007	Year ended Jun 30 2007	Three months ended Jun 30 2007	Three months ended Mar 31 2007	Three months ended Dec 31 2006	Three months ended Sep 30 2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Democratic Republic of Congo						
Drilling	1,773	902	481	417	4	-
Transportation	69	321	205	6	76	34
Contractors and personnel	879	1,681	264	960	132	325
Feasibility studies	-	334	334	-	-	-
Other exploration & development costs	1,192	1,617	856	48	577	136
Other overheads & allocated costs	983	2,775	114	2,027	342	292
Total	4,896	7,630	2,254	3,458	1,131	787
Zambia						
Drilling	564	2,633	751	1,507	31	344
Transportation	37	313	93	87	76	57
Contractors and personnel	423	1,491	491	288	345	367
Feasibility studies	60	1,042	1,042	-	-	-
Other exploration & development costs	787	2,871	451	860	696	864
Other overheads & allocated costs	366	3,888	1,106	1,351	740	691
Total	2,237	12,238	3,934	4,093	1,888	2,323
Namibia						
Drilling	723	1,358	342	416	387	213
Transportation	8	38	16	5	10	7
Contractors and personnel	263	840	235	179	248	178
Feasibility studies	132	45	45	-	-	-
Other exploration & development costs	193	1,219	207	480	364	168
Other overheads & allocated costs	195	807	157	276	172	202
Total	1,514	4,307	1,002	1,356	1,181	768
Total exploration and development costs	8,647	24,175	7,190	8,907	4,200	3,878

DRC

An amount of \$4.9 million was spent over the period, primarily on the commissioning of the phase 1 mining operation and the large exploration drilling program that is ongoing and which is aimed at verifying and increasing the resource base for the larger mine feasibility study. Funds were also directed at the build-up to commissioning of the furnace at TEAL Metals.

Zambia

The majority of the \$2.2 million spent in Zambia was on the Konkola North Copper Project and advancing exploration work on Konkola North's Area 'A' Extension.

Namibia

The \$1.5 million spent in Namibia was directed at continued drilling of the Otjikoto deposit to increase the resource base and upgrade the current resources into higher

confidence categories. Expenditure was also incurred by the project team that is conducting the pre-feasibility study on this prospect.

4.0 Related Party Transactions and Commitments

At the end of the year the Company owed ARM \$45,000. This represents expenditure incurred on behalf of the Company and is payable within thirty days.

TEAL's current commitments are set out below:

- a) The Company is committed to future minimum annual rent payments under operating lease agreements over the next four years as follows:

	2008 \$'000	2007 \$'000
2008	98	131
2009	107	107
2010	117	117
2011	50	50
	372	405

5.0 Liquidity and Capital Resources

The consolidated audited balance sheet as at September 30, 2007 is shown below:

	Sep 30, 2007 Unaudited \$'000	Jun 30, 2007 Audited \$'000	June 30, 2006 Audited \$'000
ASSETS			
Current			
Cash and cash equivalents	3,385	5,884	26,560
Accounts receivable	708	406	600
Prepaid expenses	1,100	509	40
Inventory	1,889	53	-
Total current assets	7,082	6,852	27,200
Property, plant & equipment	10,484	7,261	293
	17,566	14,113	27,493
LIABILITIES AND SHAREHOLDERS' EQUITY / (DEFICIT)			
Current			
Amounts due to related party	45	32	455
Taxes payable	173	186	119
Accounts payable and accrued liabilities	6,673	3,677	1,801
Short term borrowings	20,250	10,028	-
Total current liabilities	27,141	13,923	2,375
Long term borrowings	47	50	-
Shareholders' equity / (deficit)			
Share capital	33,311	33,311	33,263
Contributed surplus	4,787	4,187	1,947
Deficit	(47,720)	(37,358)	(10,092)
Total shareholders' equity / (deficit)	(9,622)	140	25,118
	17,566	14,113	27,493

As at September 30, 2007, the Company had available resources of \$3 million remaining from a \$20 million bridge loan facility secured in May 2007. Additional funding in the form of a \$50 million bridge loan facility, guaranteed by ARM, has been secured with a commercial bank and replaces the \$20 million facility entered into in the last financial year.

Over the quarter, the Company recorded \$9.4 million net cash outflows on operating activities compared to net cash outflows of \$7.5 million for the previous quarter. The cash was mainly used for exploration, feasibility studies, activities to advance the Company's projects, including resource expansion drilling, and expenses related to mining at Kalumines in the DRC. The significant increase in the Inventory relates to the stock-pile build-up that has accumulated as a result of the mining operation at the Lupoto Copper Project.

As TEAL currently has one mine in start-up phase and has negative operating cash flow, TEAL expects that additional funding requirements will, in future, be met by a combination of additional equity capital and project financing. TEAL has a substantial accumulated deficit and working capital deficiency and will require additional funds to maintain its exploration and development activities. Adverse market conditions, geological results or other adverse occurrences could impair the Company's ability to raise financing. See "Risk Factors".

6.0 Off-Balance Sheet Arrangements

TEAL has not entered into any off-balance sheet transactions.

7.0 Material Agreements

The Company has not entered into any material agreements during the reporting quarter. TEAL's material agreements are outlined in TEAL's final prospectus issued in November 2005 and other public documents filed on SEDAR (www.sedar.com).

8.0 Risk Factors

The risks related to TEAL and its businesses include, but are not limited to:

- The high degree of risk associated with mineral exploration, development and mining;
- The risk associated with the fluctuations of commodity prices, specifically copper and gold prices, which directly affect the viability of the Company's projects;
- Adverse changes in governmental regulations, including those relating to prices, taxes, royalties, land tenure and use, the environment (including the renewal of permits), remittability of foreign currency, and the importing and exporting of goods and services;
- The uncertainty in the estimation of mineral resources, and the uncertainty that mineral resources will be successfully converted to minerals reserves;
- Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

- TEAL's dependence upon capital, which it may or may not be able to obtain, in order to fund its operating costs, to service existing and future indebtedness and to carry out plans to develop its existing and future projects;
- The competitiveness of the mining industry with respect to, among other things, the retention of personnel;
- The risk of fluctuations in exchange rates between the Canadian dollar, the United States dollar, the Namibian dollar, the Zambian Kwacha, the South African Rand and other foreign currencies;
- TEAL has taken reasonable steps to attempt to ensure that proper title to its mineral licences and projects in the DRC, Zambia and Namibia have been obtained and that all grants of mineral rights for its properties have been registered in the appropriate deeds offices. There is no guarantee that title to such mineral rights held by TEAL will not be challenged or impugned;
- The residual risk of property taxes that may be imposed in Zambia arising as part of the completion of the transaction to incorporate TEAL; and
- Cost elements outside of the control of the Company, including fuel and third-party processing costs.

For a comprehensive list of "Risk Factors", reference should be made to TEAL's Annual Information Form dated September 28, 2007, which can be found at www.sedar.com.

9.0 Financial Instruments

TEAL's financial instruments consist of cash and cash equivalents, loans from related parties, payables and accruals. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximated their carrying value.

10.0 Outstanding Share Data

TEAL's common shares outstanding as at September 30, 2007, comprise 53,910,910 Common Shares.

11.0 Critical Accounting Estimates

The following is a discussion of the critical accounting policies and estimates which management believes are important for an understanding of the Company's financial results:

Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions which affect the reported assets and liabilities at that date of the financial statements and revenues and expenses for the periods reported. By their nature, these estimates are subject to measurement uncertainty and the effect of the combined financial statements of changes in such estimates in future periods could be significant. Actual results will likely differ from those estimates.

Foreign Currency Transactions and Balances

Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the period end exchange rates. All other assets and liabilities denominated in foreign currencies are translated at the exchange rate, effective at the

transaction date. Income and expense items are translated at the exchange rate, effective on the date of the transaction. Exchange gains and losses resulting from the translation are included in the consolidated statements of losses and deficit.

Mineral Property Acquisition, Exploration and Development Costs

Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Exploration, evaluation and feasibility costs are expensed in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized. Exploration costs include value added taxes incurred in foreign jurisdictions when recoverability of those taxes is uncertain. TEAL reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

Future Income Tax

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantially enacted, as applicable, income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry forwards and other deductions. The valuation of future income tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

12.0 Recent Accounting Pronouncements

On January 27, 2005, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855 of the Handbook entitled *Financial Instruments – Recognition and Measurement*. It expands Handbook Section 3860, *Financial Instruments – Disclosure and Presentation*, by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how gains and losses on financial instrument are to be presented.

All financial instruments will be required to be classified into various categories. Held to maturity investments, loans and receivables will be measured at amortized cost, with amortization of premiums or discounts, losses and impairment included in current period interest income or expense. Held for trading financial assets and liabilities will be measured at fair market value with all gains and losses included in net income in the period in which they arise. All available for sale financial assets will be measured at fair market value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet, and losses due to impairment will be included in net income. All other financial liabilities are to be carried at amortized cost.

The mandatory effective date of Section 3855 is for fiscal years beginning on or after October 1, 2006, with optional early recognition for fiscal years beginning on or after December 31, 2004. At present, TEAL’s most significant financial instruments are cash, accounts receivable and accounts payable. This new section will require no difference in accounting for these financial instruments from past standards.

The new Handbook Section 1530 – *Comprehensive Income* introduces a new requirement to temporarily present certain gains and losses outside of net income. Section 1530

defines comprehensive income as a change in value of net assets that is no longer due to owner activities. Assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. The effective date of this new Section is for fiscal years beginning on or after October 1, 2006, with optional early recognition for fiscal years beginning on or after December 31, 2004. At present, TEAL does not have any “available for sale” investments, and as such no Statement of Other Comprehensive Income would be required.

13.0 Forward-Looking Statements

Certain statements contained in this MD&A are forward-looking statements. Examples of such statements include: all statements, trend analysis and other information contained in this report and the documents incorporated herein relative to markets for TEAL’s trends in revenue, gross margin and anticipated expense levels, as well as other statements about anticipated future events or results, constitute forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as “see”, “anticipate”, “believe”, “plan”, “estimate”, “expect” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Some of these risks, uncertainties and other factors are described herein under the heading “Risk Factors”. Forward-looking statements included in this MD&A represent the Company’s views as of the date of this MD&A. While TEAL anticipates that subsequent events and developments may cause these views to change, the Company specifically disclaims any obligation to update forward-looking statements. These forward-looking statements should not be relied upon as representing management’s views as of any date subsequent to the date of the MD&A. Investors should not place undue reliance on forward-looking statements.

14.0 Outlook

Kalumines Lupoto Copper Project

Initial mining at Kalumines’ Lupoto Copper Project is expected to continue efficiency improvements over the current quarter. Although planned mining targets have been achieved, management believes production levels can be increased through the implementation of additional mechanisms within the screening and sorting process.

The construction of a demonstration plant for the testing of a leaching option for the processing of mined material will commence shortly as part of phase 2 project at Lupoto.

The phase 3 exploration drilling program at the Lupoto Copper Project is continuing and the work plan includes: 50 metre spaced drilling between N700 and N1250 aimed at converting the resource into the indicated category; the definition of the mineralization to 150 vertical metres depth in the inferred category; and 50 metre spaced drilling to define the copper mineralization of the western limb. In addition, detailed drilling around the hinge zone and the southern portion of the east limb, to gain a greater geologic understanding of the configuration of the geology and to define the copper mineralization in this area, is underway. Exploratory drilling is also scheduled for the following

prospects: Maga, Kasonta and Niamumenda, all of which are in close proximity to the Lupoto Copper Project.

TEAL Metals

The electric-arc furnace, located in Lubumbashi, will continue with its hot commissioning phase during the current quarter and the first 'blister copper' production is scheduled during December 2007.

Konkola North Copper Project

Management expects that the Konkola North Copper Project feasibility study, which includes a dedicated concentrator plant on site, will be completed during December 2007 and, following discussions with TEAL's partner in the project, ZCCM-IH, it will be prepared for a decision by the Company's Board of Directors early in the 2008 calendar year.

The exploration drilling program on Konkola North's Area 'A' Extension is continuing and a second drill rig will be operational within the current quarter. Following a re-interpretation of the geological model in the area, the second drill rig will be strategically positioned to enhance the understanding of the mineralization.

Otjikoto Gold Project

The pre-feasibility study on the Otjikoto Gold Project is progressing and completion is expected in the 2008 calendar year. Exploration drilling continues on the strike extension and once the data has been verified, management expects to announce an increased mineral resource estimate.

Further drill targets have been defined within the Otavi Exploration Area and exploration drilling is planned to start over the next few weeks.

The final closing of the EVI transaction is expected during the current quarter.

Zambian Exploration programs

Within the Copperbelt Joint Venture's Kabula prospect, exploration is focusing in the re-definition of the copper mineralization known through current and historical drilling.

On various other areas within the Copperbelt Joint Venture, TEAL has now completed the compilation of extensive regional soil geo-chemical data and numerous anomalies have been defined. Geological work on priority anomalies is now underway.

A thorough review and negotiation with the Zambian authorities has been completed on all exploration licence areas held by TEAL in Zambia and management believes that it is in the best interest of the Company to relinquish certain areas and renew certain high-priority licences. While TEAL's focus remains firmly on copper project developments in Zambia and the DRC, as well as the gold project in Namibia, a revised exploration strategy has been implemented to evaluate the remaining licence areas. These strategic initiatives include introducing partners, on the copper, zinc and nickel prospects, to contribute further to the exploration effort.