

SENNEN RESOURCES LTD.

Management Discussion and Analysis

For the Six Months ended July 31, 2007

This discussion and analysis of financial position and results of operations is prepared as at October 1, 2007 and should be read in conjunction with the unaudited interim consolidated financial statements of Sennen Resources Ltd. (the "Company" or "Sennen") for the six months ended July 31, 2007 and the related notes thereto. Those unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, as a result, do not contain all disclosure required under generally accepted accounting principles for annual financial statements. Accordingly, readers are referred to the January 31, 2007 annual audited consolidated financial statements of the Company and the accompanying notes. These documents are available for viewing at www.sedar.com. All dollar amounts included therein and in the following management discussion and analysis ("MD&A") are in Canadian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Description of Business

The Company is a natural resource company engaged in the acquisition, exploration, and development of mineral properties. The Company trades on the TSX Venture Exchange under the symbol SN.

Overall Performance

The Company held title to three coal deposits in Queensland, Australia: being the Ownaview, Middlemount and Collingwood projects.

On May 31, 2007, the Company held a special general meeting and received shareholder approval for the sale of these coal projects. This was in accordance with the provisions of the British Columbia *Business Corporations Act*. (the "BCA"), whereby a company incorporated in British Columbia cannot sell, lease or otherwise dispose of all or substantially all of its undertaking unless it does so in the ordinary course of its business or it has been authorized to do so by a special resolution of its shareholders.

On June 28, 2007, the Company announced that it had received the "Completion Payment" of AUS\$2,000,000 together with the First Tranche Payment of AUS\$3,500,000, as per the Sale Agreement, over its interest in the Middlemount coal deposit.

Terms of the Agreement provide for Custom Mining (Middlemount) Pty Ltd. to acquire all the issued shares of Ribfield Pty Ltd., an Australian company indirectly owned by Sennen for a total purchase price for the shares of Ribfield of AUS\$15,000,000. Sennen has received (AUS\$6,000,000) of the purchase price with two further tranches of AUS\$4,500,000 each still to be paid and guarantees to secure these two additional payments have been provided.

On August 1, 2007 the Company reported on the receipt of the total sale price of AUS\$10,000,000 from the sale of Sennen's interest in the Collingwood and Ownaview coal projects in Queensland, Australia, details of which were provided in a news release dated February 15, 2007.

Sennen currently has Cdn\$15,500,000 in the Treasury with a further AUS\$9,000,000 due from the sale of the Middlemount Coal deposit, for which bank guarantees have been provided (News Release dated June 28th, 2007).

"With the anticipated time and costs of continued evaluation for project development, especially in light of the capacity constraints and critical infrastructure bottlenecks that continue to hinder new coal mine development in Australia, we considered the sale of the Australian coal projects to be in the best interest of shareholders," stated Ian Rozier, President and CEO of Sennen.

Upon receipt of the balance of funds from the Middlemount transaction, Sennen would have approximately Cdn\$23,500,000 in the treasury with approximately 44,500,000 shares issued and outstanding.

Results of Operations

During the six months ended July 31, 2007, the Company had earnings of \$20,864,051 compared to a loss of \$406,373 for the six month period ended July 31, 2006. The significant changes during the six months ended July 31, 2007 compared to the six month period ended July 31, 2006 are as follows:

- During the six months ended July 31, 2007 the Company recorded amortization expense of \$Nil as compared to \$9,222 during the six months ended July 31, 2006. The Company disposed of its equipment during fiscal 2007.
- During the six months ended July 31, 2007 exploration costs increased to \$34,152 from \$Nil incurred during the six month period ended July 31, 2006 as a result of geological consulting fees paid for identifying potential properties of merit for the Company.
- During the six months ended July 31, 2007 the Company incurred rent expense of \$30,000 as compared to the \$24,000 incurred during the six month period ended July 31, 2006. This increase was due to a \$1,000 per month rent increase at the Company's head office.
- Stock-based compensation expense of \$98,521 was recorded during the six months ended July 31, 2007 with respect to 5,205,000 options granted during fiscal 2007. Pursuant to the Company's stock option plan, this amount represented the fair value of 25% of the vested options. During the six months ended July 31, 2006, 50% of the 5,060,000 stock options granted vested resulting in a stock based compensation expense of \$189,581.
- Travel and related costs increased to \$12,368 during the six months ended July 31, 2007 from the \$1,176 incurred during the three month period ended July 31, 2006 due to the change in accounting for the automotive lease from a capital to an operating lease and travel costs incurred by the Company's president.
- Gain on foreign exchange of \$22,544 was recorded during the six months ended July 31, 2007 compared to \$Nil at July 31, 2006. This was a result of the AUS\$500,000 non-refundable deposit received on the pending sale of the Middlemount project.
- Interest income of \$45,896 was earned during the six months ended July 31, 2007 on cash held in short-term investments. This compares to interest income of \$21,361 earned during the six month period ended July 31, 2006.
- During the six months ended July 31, 2007 the Company sold its three coal projects in Australia that resulted in a gain of \$21,167,171. There was no comparable transaction for the six months ended July 31, 2007. The Company received a total of AUS\$10,000,000 (Cdn\$9,080,000) on the sale of both the Ownview and Collingwood deposits. Additionally, the Company received AUS\$5,500,000 (Cdn\$4,994,000) toward the sale of the Middlemount deposit. The balance of AUS\$9,000,000 outstanding on the Middlemount deposit has been set up as a receivable.

During the three months ended July 31, 2007, the Company had earnings of \$21,007,983 compared to a loss of \$211,740 for the three months ended July 31, 2006. The significant increase over the comparative period was primarily attributed to the \$21,167,171 gain on the sale of the three mineral properties in Australia. Additionally, interest income increased during the current quarter from \$9,113 in 2006 to \$35,161 as a result of the additional funds in treasury. Most of the proceeds from the sale of the mineral properties were received in July 2007. Also, stock-based compensation decreased in the three months ended July 31, 2007 to \$49,260 from \$94,791 in 2006. This was a result of the additional stock options that vested in the comparative period. Lastly, the Company incurred \$15,000 in exploration costs in the current quarter compared to \$Nil in 2006 for geological consulting services provided on identifying possible new property acquisitions for the Company.

Quarterly Information

The following table sets forth selected interim consolidated financial information prepared by management of the Company.

Summary of Quarterly Results

	Three Months Ended July 31, 2007	Three Months Ended April 30, 2007	Three Months Ended January 31, 2007	Three Months Ended October 31, 2006
Total assets	\$24,107,565	\$1,666,365	\$1,811,216	\$1,427,701
Working capital	18,587,394	1,486,324	1,606,270	1,258,820
Interest income	35,161	10,735	11,981	16,892
Gain on pending sale of mineral property	21,167,171	-	435,800	-
Net income (loss)	21,007,983	(143,932)	334,823	(115,589)
Earnings (loss) per share - basic/diluted	0.47/0.45	(0.01)/-	0.01/-	(0.01)/-

	Three Months Ended July 31, 2006	Three Months Ended April 30, 2006	Three Months Ended January 31, 2006	Three Months Ended October 31, 2005
Total assets	\$ 1,524,166	\$1,654,932	\$1,760,763	\$1,881,073
Working capital	1,370,362	1,482,700	1,577,932	1,755,144
Interest income	9,113	12,248	11,168	10,716
Net income (loss)	(211,740)	(194,633)	(133,233)	(144,842)
Earnings (loss) per share - basic/diluted	(0.01)/-	(0.01)/-	(0.01)/-	(0.01)/-

The interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

Fiscal 2008

During the first quarter of fiscal 2008, the Company recorded a gain on foreign exchange of \$32,880. This was in connection with the AUD\$500,000 non-refundable deposit received during the fourth quarter of fiscal 2007 on the pending sale of the Middlemount project. Additionally, the Company incurred \$25,275 deferred costs in connection with this sale during the three months ended April 30, 2007.

During the second quarter of fiscal 2008, the Company completed on the sale of the Ownaview and Collingwood deposits for a total of AUS\$10,000,000. Additionally, the Company completed on the sale of the Middlemount deposit for total proceeds of AUD\$15,000,000. As of the date of this report, the Company has received AUS\$6,000,000 and has bank guarantees to receive the balance of AUS\$9,000,000 over a two year period. The AUS\$9,000,000 has been recorded 50% in current receivables and 50% as a long-term receivable.

Fiscal 2007

During the four quarters of fiscal 2007, the Company's overall administrative expenses in each quarter continued to be consistent with the expenses of the fourth quarter of 2006. However, in fiscal 2007 the company incurred stock-based compensation expense totaling \$240,706 as a result of the issuing incentive stock options. This expense is recorded pursuant to the vesting schedule under the Company's stock option plan. Additionally, in the fourth quarter the Company received \$435,800 (AUD\$500,000) in connection with the potential sale of the Middlemount coal project in Australia. Lastly, the Company capitalized certain legal and consulting costs totaling \$104,551 in connection with the proposed sale of the coal assets.

Fiscal 2006

During the third quarter, operating expenditures increased from the prior quarter as a result of a \$42,000 increase in consulting fees. This was related to hiring of additional consultants on the sale process of the coal projects in Australia. The fourth quarter operating expenses were approximately \$11,000 lower than those in the third quarter. Consulting fees were lower by \$18,000. Professional fees were \$13,000 higher than for the third quarter because they included an accrual for the year-end audit.

Liquidity and Capital Resources

The Company is in the development stage and therefore has no regular cash flow. At July 31, 2007, the Company had working capital of \$18,587,394, inclusive of cash on hand and short-term investments of \$15,847,593. This compares to working capital of \$1,606,270 at January 31, 2007, inclusive of cash on hand and short term investments of \$1,637,829.

The increase in cash during the six months ended July 31, 2007, was a result of the sale of the three coal deposits in Australia.

As at July 31, 2007, the Company had current assets of \$20,021,565, total assets of \$24,107,565 and total liabilities of \$1,434,171. There is no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company were its mineral properties. The Company continues to seek a property of merit for acquisition.

The Company has sufficient funds on hand to fund its operating expenses for the balance of fiscal 2008.

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company may in the future depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its properties.

Related Party Transactions

The Company entered into the following transactions with related parties during the period:

- a) Paid or accrued consulting fees of \$72,000 (2006 - \$72,000) to Buccaneer Management Inc ("Buccaneer"). A company controlled by Ian Rozier ("Rozier") a director of the Company.
- b) Paid or accrued rent of \$30,000 (2006 - \$24,000) to 641485 B.C. Ltd. a Company controlled by Rozier.
- c) Paid or accrued management fees of \$36,000 (2006 - \$36,000) to Prospect Point Consulting Ltd. ("Prospect"), a company controlled by Barbara Dunfield, the Chief Financial Officer of the Company.
- d) Paid or accrued director's fees of \$10,000 (2006 - \$10,000) to James Robertson ("Robertson"), a director of the Company.

As of July 31, 2007, accounts payable included \$322,276 (January 31, 2007 - \$7,609) owed to Robertson, Buccaneer and Prospect, and to a company with a common director.

Subsequent to July 31, 2007, the Company renegotiated the management contracts with Buccaneer and Prospect. The total payable to these companies increased from \$18,000 per month to \$25,000 per month.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements.

Disclosure Controls and Procedures

The Company's system of disclosure controls and procedures includes our Disclosure Policy, our Code of Conduct and Business Ethics and the effectiveness of our Audit Committee. The Company has established procedures that allow the identification of matters warranting consideration of disclosure by the Audit Committee, as well as procedures for the verification of individual transactions and information that would be incorporated in annual and interim filings, including Financial Statements, Management's Discussion and Analysis and other related documents.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in an Issuer's Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted as of July 31, 2007 under the supervision of management, including the President and the Chief Financial Officer. The evaluation included review of documentation, enquiries of Company staff and other procedures considered by Management to be appropriate under the circumstances.

As a result of their evaluation, the President and Chief Financial Officer are of the opinion that the design and operation of the system of disclosure controls was effective as at July 31, 2007.

The President and Chief Financial Officer are also required to file certifications of our annual and interim filings under Multilateral Instrument 52-109. These certifications may be accessed at www.sedar.com.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. Operations, the status of mineral property rights and the recoverability of amounts shown for mineral properties can be affected by changing economic, regulatory and political situations. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of October 1, 2007.

Additional Information

As at October 1, 2007, the Company had:

- a) 44,501,165 common shares outstanding;
- b) 5,125,000 stock options outstanding with an exercise price of \$0.20 per share expiring from April 28, 2008 to November 20, 2011;
- c) Nil share purchase warrants outstanding.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company’s operations in the jurisdictions in which it operates.