

**LINEAR GOLD CORP.**  
**Management Discussion and Analysis**  
**For the Year Ended – March 31, 2008**

*This Management Discussion and Analysis of Linear Gold Corp. (the “Company”) provides analysis of the Company’s financial results for the year ended March 31, 2008. The following information should be read in conjunction with the accompanying financial statements and the notes to the audited financial statements.*

*This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward looking statements.*

**1.1 Date of Report**

This report is prepared as of June 19, 2008.

**1.2 Nature of Business and Overall Performance**

Linear Gold Corp. (the “Company”) is a mineral exploration company listed on the Toronto Stock Exchange. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

In fiscal 2005, the Company announced the discovery of the Campamento Gold Deposit on its 100%-owned Ixhuatan Project (“Ixhuatan”), located in Chiapas Mexico, which covers 98,000 hectares and, until midway through the current fiscal year, has focused its exploration activities on Ixhuatan since that date. Effective October 26, 2007, the Company completed an Option Agreement with Kinross Gold Corporation (“Kinross”) with respect to the exploration and potential future development of Ixhuatan (see section 1.3), which resulted in Kinross becoming the project operator and having an obligation to fund project expenditures of US\$15 million over a twenty-four month period, following which Kinross will have an option to acquire up to a 70% interest in Ixhuatan.

Also in Mexico, in connection with the Company’s Corporate Reorganization with Linear Metals Corporation (“Linear Metals”) in fiscal 2007 (see section 1.17), the Company provided Linear Metals with an option to earn an 80% interest in the Company’s Cobre Grande property purchase option, located in Mexico, and retained a 20% interest in the Cobre Grande property purchase option, which Linear Metals can purchase for US\$1.2 million at any time before December 31, 2008. The Company also owns a 100% interest in the Motozintla property in Chiapas, Mexico.

During fiscal 2008, the Company decided to terminate its interests in several early-stage exploration properties in the state of Chiapas, Mexico, including La Reforma, Los Olivos and Niquivil; as well as certain other early-stage properties located in the state of Oaxca, Mexico, including Loma Bonita and Yolanda.

The Company also entered into four separate option agreements to acquire up to a 100% interest in four gold-focused exploration properties in Mato Grosso, Brazil during the fiscal year. To earn its interests, the Company is required to make payments and incur exploration expenditures over a three year period. The Company has identified Brazil as a focus for its ongoing exploration activities and expects to continue to initiate exploration programs in Brazil during fiscal 2009.

In the Dominican Republic, during April 2007, the Company granted options to Everton Resources Inc. (“Everton”) to earn up to a 65% interest in each of three gold-focused properties in the Dominican Republic, with Everton becoming operator of the properties during the term of the options. The agreements require cash payments to the Company and the completion of work commitments by Everton over a three-

year period and the issuance of Everton common shares to the Company. During fiscal 2008, the Company received cash payments of US\$150,000 and 250,000 common shares of Everton pursuant to the terms of the option agreements.

In fiscal 2008, the Company incurred a loss of \$3.7 million, representing an increase of 99%, compared to the \$1.9 million loss in fiscal 2007. The increase in the loss was largely attributable to the write-down of several resource properties during the year totalling \$2.0 million, an increase of \$1.9 million over the prior year, and non-cash Stock-based compensation of \$0.8 million, representing an increase of \$0.5 million. Offsetting the loss was an increase in interest income over the prior year of \$0.6 million.

The Company's primary source of revenue is interest earned on the Company's cash balances and, accordingly, the Company expects to continue to incur operating losses for the foreseeable future. The Company will continue to fund operating losses and exploration expenditures out of existing working capital, which totalled \$27.4 million at March 31, 2008.

### 1.3 Option Agreement with Kinross Gold Corporation

Effective October 26, 2007, the Company entered into an Option Agreement with Kinross with respect to the exploration and potential future development of the Company's Ixhuatan Project in Chiapas, Mexico. Under the terms of the Agreement, Kinross paid the Company a US\$1.0 million transaction fee upon signing of the Agreement and has reimbursed the Company US\$0.5 million to offset a portion of the exploration expenditures at Ixhuatan between September 6, 2007, the date of the signing of the Letter of Intent, and October 26, 2007. These amounts have been recorded as a recovery against the Company's exploration expenditures relating to Ixhuatan on its financial statements.

Also pursuant to the terms of the Agreement, Kinross' subsidiary became the operator of Ixhuatan and must incur a minimum of US\$15 million of expenditures at Ixhuatan within the 24-month period ending on October 26, 2009. Upon completion of such expenditures, Kinross will then have the option to acquire an initial 60% interest in the project by paying the Company US\$45 million. Kinross will have a further option to increase its interest in Ixhuatan to 70% by paying the Company an additional US\$55 million within 90 days of Kinross' board of directors approving the construction and development of a mine based on a positive NI 43-101 compliant feasibility study. If such a production decision is made and the Proven and Probable Gold Reserves and Gold Equivalent Ounce Silver Reserves of the Project, as referenced in the feasibility study, are greater than 2.0 million ounces, Kinross will pay the Company an additional fee of up to US\$15 million.

### 1.4 Selected Annual Information

Expressed in thousands of Canadian dollars, except per share amounts.

<b>Fiscal Years ended March 31</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Revenues	\$ 1,504	\$ 692	\$ 723
Net loss	\$ 3,679	\$ 1,853	\$ 1,701
Basic & diluted net loss per share	\$ 0.13	\$ 0.08	\$ 0.08
Total assets	\$ 57,797	\$ 59,539	\$ 37,817
Total long-term liabilities	\$ -	\$ -	\$ -
Cash dividends per common share	N/A	N/A	N/A

*This financial data has been prepared in accordance with Canadian generally accepted accounting principles, and all figures are stated in Canadian dollars.*

The Company has recorded losses in all of the three most recently completed fiscal years and expects to continue to record losses until such time as an economic resource is identified, developed and exploited on one or more of the Company's properties. The Company expects to maintain its current level of corporate expenditures for the foreseeable future and is anticipating a decrease in its level of exploration expenditures following the agreements with Kinross and Everton. The Company anticipates continuing to incur operating losses in fiscal 2009. The Company's operating and net loss could be significantly affected by any write-down or abandonment of any properties in a given period.

## 1.5 Results of Operations

During the year ended March 31, 2008, the Company experienced a net loss of \$3.7 million, as compared to a net loss of \$1.9 million during the previous year. The \$25 million financing completed in March 2007 contributed to significantly higher cash balances throughout the year and an increase in interest income of \$0.6 million for the year. The Company expects interest revenues to decline in fiscal 2009 as cash is used to fund exploration and operating expenditures and also as a result of the current low interest rate environment in Canada. Other income for the year consists of \$0.3 million in administrative service fees arising from the provision of management services to Linear Metals, the sub-leasing of office space by the Company and a small amount of rental income related to the rental of equipment in Mexico. The Company expects that other revenues will be comparable in fiscal 2009.

Operating expenses for the year were \$5.0 million, an increase of \$2.4 million or 91% over the prior fiscal year. The increase in operating expenditures was primarily a result of the Company's decision to terminate its interests in several early-stage exploration properties in the state of Chiapas, Mexico, including La Reforma, Los Olivos and Niquivil; as well as certain other early-stage properties located in the state of Oaxca, Mexico, including Loma Bonita and Yolanda. The write-down of these resource properties totalled \$2.0 million, an increase of \$1.9 million over the prior year. The Company will continue to review its portfolio of exploration properties and write-down the carrying cost of any properties considered to be impaired in value. Operating expenses also included non-cash Stock-based compensation of \$0.8 million attributable to the value of stock options earned in the year, an increase of 162% over the previous year as the result of an increase in the number of options granted, and value earned, during the year. The Company also capitalized Stock-based compensation expense of \$0.2 million to its exploration expenditures during the year. The Company incurred Salaries and benefits costs of \$1.3 million, representing an increase of \$0.3 million during the year, primarily as a result of staff salary increases, bonuses paid and staffing changes made during fiscal 2008. The Company incurred Investor relations and marketing expenses of \$0.4 million during the year, a decrease of 40% compared to the previous year, as a result of lower investor relations activities and the absence of a full time investor relations co-ordinator during a portion of the year. Professional services expenses decreased by \$0.1 million, or 55%, during the year, primarily a result of lower legal and other professional services consumed during the year. Premises expenses were \$0.1 million, representing an increase of 25%, a direct result of an increase in the corporate office space leased during fiscal 2008. The Company incurred office expenses of \$0.1 million during the year, representing an increase of 31%, a result of increased annual software license fees and increased computer support costs. The Company expects to maintain its similar levels of cash operating costs during fiscal 2009.

Ongoing exploration and operating activities during fiscal 2008 resulted in the cash balance decreasing by \$4.8 million from \$30.4 million at March 31, 2007 to \$25.6 million at March 31, 2008. The Company expects the cash balance to decline by approximately \$5 million during fiscal 2009.

The Company recognized a foreign exchange loss of \$0.2 million during the year, an increase of 650% from the previous year, primarily a result of the continued strengthening of the Canadian dollar. The Company may continue to incur foreign exchange losses arising from changes in the value of foreign currencies used in the conduct of its business, relative to the Canadian dollar.

During the year, the Company also recognized a gain on securities of \$0.1 million due to the sale of marketable securities during fiscal 2008.

## 1.6 Summary of Quarterly Results and Significant Fourth Quarter Events

Expressed in thousands of Canadian dollars, except per share amounts.

	Fiscal 2008				Fiscal 2007			
	Q4 31-Mar	Q3 Dec-07	Q2 Sep-07	Q1 Jun-07	Q4 Mar-07	Q3 Dec-06	Q2 Sep-06	Q1 Jun-06
Revenues	\$ 367	\$ 397	\$ 375	\$ 365	\$ 223	\$ 148	\$ 163	\$ 158
Net loss	\$ 2,324	\$ 259	\$ 454	\$ 642	\$ 413	\$ 275	\$ 352	\$ 814
Basic & diluted net loss per share	\$ 0.08	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.04
Total assets	\$ 57,797	\$ 59,629	\$ 59,987	\$ 59,876	\$ 59,539	\$ 35,838	\$ 35,280	\$ 35,795

*This financial data has been prepared in accordance with Canadian generally accepted accounting principles and all figures are stated in Canadian dollars.*

During the fourth quarter of fiscal 2008, the Company focused its exploration activities on its new acquisitions in Brazil and initiated a 1,600 metre drilling program at the El Filao Project in Mato Grosso, Brazil. Resource property expenditures totalled \$0.9 million for the quarter, the majority of which were incurred in Brazil.

Revenues for the quarter were \$0.4 million, the same as the previous quarter and 65% higher than the fourth quarter of the previous year. The increase over the previous year was primarily attributable to the \$25.0 million financing completed in March 2007, resulting in a higher cash balance and higher interest income earned throughout fiscal 2008.

Operating expenses during the quarter were \$2.8 million which is 319% greater than in the previous quarter primarily a result of \$2.0 million in write-downs of resource properties recognized during the quarter, and an increase of \$0.2 million in non-cash Stock-based compensation, the result of the increase value of stock options earned during the quarter, which was significantly impacted by the grant of 1,035,000 options during the quarter.

## 1.7 Liquidity and Capital Resources

As of March 31 2008, the Company had working capital of \$27.4 million, as compared with working capital of \$31.8 million at the end of the preceding year, a decrease of \$4.4 million

During the year ended March 31, 2008, the Company used \$2.0 million of working capital to fund operating expenses and incurred cash resource property expenditures, including sales taxes recoverable, of \$4.3 million, net of a sales tax recovery of \$1.1 million and exploration expense recoveries and payments received from option agreements totalling approximately \$1.6 million. The Company also funded capital asset acquisitions of \$0.1 million during the year from working capital.

During the year ended March 31, 2008, 710,000 stock options were exercised at an average price of \$1.86 per share, resulting in proceeds to the Company of \$1.3 million, including \$1.0 million received during the year and a further \$0.3 million received subsequent to year-end, as a result of the repayment of loans to officers and directors subsequent to year end. A total of 782,500 stock options, exercisable at an average exercise price of \$5.60 per share, expired, or were cancelled, without being exercised during the year.

## 1.8 Off-Balance Sheet Arrangements

At March 31, 2008, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## 1.9 Evaluation of Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March

31, 2008. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*, are designed effectively to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized, and reported within the time period specified in those rules.

During the process of review and evaluation, it was determined that the Company's disclosure controls and procedures were operating effectively as at March 31, 2008.

#### **1.10 Design of Internal Controls**

The Company evaluated the design of its internal controls and procedures over financial reporting, as defined under Multilateral Instrument 52-109, for the year ended March 31, 2008. This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer, with the assistance of other corporate personnel to the extent necessary or appropriate. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of these internal controls and procedures over financial reporting was effective.

The Company has limited staffing and in many instances, the implementation of internal controls relying on segregation of duties is not possible. The Company relies on senior management review and approval to ensure that the controls are as effective as possible.

#### **1.11 Critical Accounting Estimates**

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures, as well as the value of stock-based compensation. All of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's share and the financial objectives of the stock-based instrument holders.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The Company accounts for contingencies in accordance with CICA Handbook Section 3290, *Contingencies*. Estimated loss contingencies are accrued when the information available to the Company indicates that it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and that the amount of the contingent loss can be reasonably estimated.

As discussed in Note 13 to the March 31, 2008 financial statements, the Company has been advised that the income tax authority in Mexico has reviewed the funding of Linear Gold Mexico, S.A. de C.V. (formerly MIM Mexico, S.A. de C.V.) by its previous owners and has determined that this funding was taxable as revenue. As such, the tax authorities in Mexico have issued an assessment of approximately MXN\$9,175,000 (\$876,000) for income tax and value-added tax on this assessed revenue, including interest and penalties. During the year, the Company deposited approximately MXN\$9,175,000 (\$876,000) with the income tax authority in Mexico. The deposit is interest bearing. The Company's tax and legal advisors in Mexico believe that this assessment is incorrect and accordingly, the Company believes the loss is unlikely and the amount has been recorded as a deposit in the financial statements, as management expects to recover this amount.

## **1.12 Changes in Accounting Policies**

On April 1, 2007, the Company adopted five new accounting standards issued by the Accounting Standards Board: (i) Section 1530, *Comprehensive Income*; (ii) Section 3251, *Equity*; (iii) Section 3855, *Financial Instruments – Recognition and Measurement*; (iv) Section 3861, *Financial Instruments – Disclosure and Presentation*; and (v) Section 3865, *Hedges*.

The new standards prescribe how financial instruments are to be recognized depending on their classification. Depending on financial instruments' classification, changes in subsequent measurements are recognized in net income or comprehensive income (loss).

If a financial instrument is measured at fair value, changes in its fair value usually shall be recognized in the period in which the change occurs, with some exceptions, such as for cash flow hedges and available-for-sale investments. For investments designated as being available-for-sale, changes in the fair value shall be recorded directly in Shareholders' Equity in a separate account called "Other Comprehensive Income (Loss)" until the asset disappears or is impaired. At that time, the gains and losses are transferred to the Statement of Operations.

The Company has implemented the following classifications:

- Cash equivalents are classified as "Financial Assets Held for Trading". These financial assets are marked-to-market through net income (loss) at each period end.
- Marketable securities are classified as "Available-For-Sale Investments". These securities are marked-to-market through other comprehensive income (loss) at each period end.
- Accounts receivable and sales taxes recoverable are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

These new standards have been applied without restatement of prior period amounts. The Company has incorporated the new standards into its March 31, 2008 financial statements.

## **1.13 Transactions with Related Parties**

During the year ended March 31, 2008, the Company paid legal fees totalling \$40,071 to a law firm of whom the managing partner is an officer of the Company. Also during the current year, the Company provided financing in the form of demand loans totalling \$338,000 in connection with the exercise of 300,000 expiring stock options by certain officers and directors of the Company. The demand loans are interest-bearing and during the current year interest of \$11,026 was received by the Company. The balance of \$338,000 and all accrued interest was repaid subsequent to the end of the year.

## **1.14 Financial Instruments and Other Risks**

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, prepaid expenses, deposits, a reclamation bond deposit, and accounts payable. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments, with the exception of the sales taxes recoverable and certain deposits. Virtually all of the sales taxes recoverable and deposits are with governments in a foreign jurisdiction. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

In conducting its business, the principal risks and uncertainties faced by the Company relate to exploration and development success as well as metal prices and market sentiment to a lesser extent.

Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Company relies on equity financing for its long-term working capital requirements and to fund its exploration programs. The Company does not have sufficient funds to put any of its resources interests into production from its own financial resources. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

### 1.15 Outstanding Share Data

#### a) Common Shares

The Company has authorized an unlimited number of common shares without par value. The Company has also authorized an unlimited number of first preferred and second preferred shares without par value, of which none have been issued.

- At March 31, 2008 and June 19, 2008, the Company had issued and outstanding 27,917,980 common shares with a recorded value of \$64,290,836.

#### b) Warrants

- At March 31, 2008 and June 19, 2008, the Company had 2,800,000 warrants outstanding with a recorded value of \$4,407,191.

The following is a summary of warrants outstanding as of March 31, 2008 and June 19, 2008:

<u>Expiry Date</u>	<u>Number of Warrants</u>	<u>Exercise Price</u>
March 1, 2009	2,500,000	\$5.50
March 1, 2009	300,000 *	\$5.00
	<u>2,800,000</u>	<u>\$5.45</u>

\* Broker warrants exercisable for 300,000 units of the Company at \$5.00 per unit, where each unit consists of one common share and one half of one common share warrant exercisable at \$5.50 per warrant.

#### c) Options

- At March 31, 2008 and June 19, 2008, the Company had 2,142,500 options outstanding exercisable into common shares of the Company at an average exercise price of \$4.08 per share.

### 1.16 Deferred Resource Property Expenditures

Details of the Company's Deferred Resource Property Expenditures during the years ended March 31, 2008 and March 31, 2007 are included in Schedule "A".

The Company incurred Resource property expenditures of \$6.8 million during the year, with approximately 87% of the total expended in Mexico, 12% in Brazil and 1% in the Dominican Republic.

#### Mexico

In Mexico, the Company incurred total exploration expenditures of \$5.9 million during the year. \$5.2

million, or 88%, of these exploration expenditures were incurred at Ixhuatan and were largely incurred prior to October 26, 2007. During the year, pursuant to the terms of the Agreement with Kinross, the Company received a US\$1.0 million transaction fee and a US\$0.5 million reimbursement to offset a portion of the exploration expenditures incurred prior to the closing of the Agreement.

Prior to October 26, 2007, the Company completed drilling of 10,400 metres in fiscal 2008 in 33 holes at a cost of \$2.0 million. The total drilling completed at Ixhuatan through October 26, 2007 was approximately 53,000 meters in 225 holes. Kinross became operator of Ixhuatan on October 26, 2007 and completed eleven holes for a total of approximately 3,300 metres of drilling. Kinross successfully offset mineralization in the San Isidro and Cerro La Mina zones and expects to focus on additional drilling at the Cerro La Mina zone in the upcoming quarter. At March 31, 2008, the total drilling completed at Ixhuatan is now approximately 56,300 metres in a total of 236 holes.

In June 2006, an independent NI 43-101 compliant resource estimate was completed on the Campamento Deposit, hosted within the Ixhuatan Project, and confirmed a deposit of 1,041,000 ounces of gold and 4,400,000 ounces of silver in the Measured and Indicated categories and an additional 703,000 ounces of gold and 2,260,000 ounces of silver in the Inferred category, all using a 0.5 grams per tonne gold cutoff grade.

The Company expects that Kinross will complete US\$15 million of expenditures at Ixhuatan over the 24 month period ending October, 2009.

During the year, the Company completed a 1,200 metre drill program at the Yolanda property. The results of the drilling were not encouraging and the project was terminated. The Company also made a decision to terminate its interest in several other early-stage exploration properties in Mexico during the year, including La Reforma, Los Olivos, Niquivil and Loma Bonita, resulting in a total write-down of mineral properties of \$2.0 million.

#### Dominican Republic

In April 2007, the Company granted Everton an option to earn up to a 65% interest in the Company's portfolio of three gold-focused exploration properties in the Dominican Republic. The agreement is subject to a number of requirements over a three-year period, including making cash payments to the Company, completing minimum work commitments and issuing Everton common shares to the Company. As part of the option agreements, Everton is acting as operator on all of the Company's properties in the Dominican Republic and is responsible for all project expenditures.

During the year, Everton completed significant additional soil sampling and ground based geophysics, along with two drill holes totalling 200 metres on the Ampliacion Pueblo Viejo concession. Additional trenching was undertaken at the La Lechoza target zone totalling 794 metres. Gold mineralization was identified from the trenching offsetting previous mineralized zones to the northeast.

During the year, the Company incurred exploration expenditures of less than \$0.1 million in the Dominican Republic, primarily related to exploration activities prior to the agreement with Everton and ongoing supervision related to the agreement. Pursuant to the agreements, the Company received a total US\$150,000 and 250,000 common shares of Everton during the year, these amounts have been recorded as a recovery of exploration expenditures. As a result of the agreements with Everton, the Company does not expect to incur significant exploration expenditures in the Dominican Republic during fiscal 2009.

#### Brazil

During the year, the Company entered into four separate option agreements with Geomin, S.A. ("Geomin"), a private Brazilian company, whereby the Company can acquire up to a 100% interest in four gold exploration projects in the Alta Floresta Gold Province of northern Mato Grosso state, Brazil: El Filao, Apiacas, Trairao, and Serrinha. These property options mark the Company's strategic entry into a large prolific gold-bearing region of Brazil.

Under the terms of the agreements, the Company can earn an initial 70% interest in any of the properties by making cash payments and incurring minimum exploration expenditures over a three year period as follows:

	<b>El Filao</b>	<b>Apiacas</b>	<b>Trairao</b>	<b>Serrinha</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Cash payments	260,000	1,425,000	1,325,000	220,000
Expenditure commitments	1,200,000	1,600,000	1,500,000	1,000,000

Within 90 days of the completion of a positive NI43-1010 compliant feasibility study and a decision by the Company to exercise its option on any of the projects, subject to certain conditions and adjustments, the Company can elect to acquire the remaining 30% of the project, at which time the Company can elect a payment option from the following alternatives:

	<b>El Filao</b>	<b>Apiacas</b>	<b>Trairao</b>	<b>Serrinha</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Cash payment	2,100,000	5,500,000	5,500,000	2,700,000
	or	or	or	or
Cash payment and Net smelter royalty	1,700,000 1.00%	2,700,000 1.25%	2,700,000 1.25%	2,000,000 1.00%

Within 90 days of the completion of a positive NI43-101 compliant feasibility study and a decision by the Company to exercise its option on any of the projects, subject to certain conditions and adjustments, Geomin can elect to have the Company acquire the remaining 30% interest of the project, at which time the Company can elect a similar payment option with a reduced level of cash payments.

During the year, the Company incorporated a Brazilian subsidiary, established a regional offices in Brasilia and Alta Floresta and has recruited a Brazilian exploration team.

The El Filao project is located in an area of known gold mineralization. During March 2008, the Company commenced a 1,600 metre drill program at El Filao, which is expected to be completed during the first half of fiscal 2009. At the Apiacas, Trairao and Serrinha properties, soil and rock sampling is underway and the Company is in the process of identifying drill targets. The Company is also reviewing a number of additional gold-focused acquisition opportunities in Brazil.

The Company incurred mineral property expenditures and deferred exploration expenditures totalling \$0.8 million in Brazil during the year and expects to continue exploration activities in Brazil during fiscal 2009 with a budget of approximately \$4.0 million.

### **1.17 Corporate Reorganization and Distribution in Prior Year**

During the first quarter of fiscal 2007, the Company completed a reorganization and distribution of Linear Metals, a 100%-owned subsidiary of the Company, as a dividend-in-kind valued at \$1,100,017 to the Company's shareholders of record as of June 26, 2006. Prior to the distribution, the Company incurred expenditures of \$122,144 through Linear Metals, arising from professional fees and filing fees associated with the completion of Linear Metals' prospectus, private placement and TSX Venture listing. These expenses were included in the operating results of the Company for the period ending June 30, 2007. In addition, the Company incurred resource property expenditures through Linear Metals and Linear Metal Corp. Mexico, S.A. de C.V. of \$112,680 up to the distribution date.

The reorganization and distribution resulted in two stand-alone entities with initially identical shareholder bases – one company focused on gold and the other primarily on copper-silver. Linear Metals appointed a Board of Directors consisting, at the time, of four individuals, two of whom are independent of Linear Gold.

### **1.18 Management Changes**

Effective January 2008, the Company announced the appointments of Mr. Howard Bird as Vice-President of Exploration and Mr. Keith Abriel as Vice-President and Chief Financial Officer. Mr. Bird is a senior executive with diverse experience in the public mineral resource sector, providing leadership and expertise to all aspects of developing and growing a mining company. Mr. Abriel is a Chartered Accountant and CFA Charterholder who brings 12 years of financial experience in a broad ranges of sectors to the Company.

Effective May 31, 2008, the Company announced the resignation of Mr. Phil Pyle, Vice President of Business and Corporate Development.

**1.19 Other Information**

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.lineargoldcorp.com](http://www.lineargoldcorp.com).

**LINEAR GOLD CORP**Schedule of Resource Properties  
for the year ended March 31, 2008**SCHEDULE "A"****Details of Resource Properties**

	Ixhuatan Mexico	Cobre Grande Mexico	Mexico Other	Dominican Republic	Brazil	Total 31-Mar-08	Total 2007
<b>Mineral Properties</b>							
Balance, beginning of period	\$ 1,121,466	\$ 168,812	\$ 360,954	\$ 741,134	\$ -	\$ 2,392,366	\$ 2,500,601
Expenditures during the period	37,550	-	136,744	121	107,431	281,846	337,007
Transfers of properties	-	-	-	-	-	-	(445,242)
Costs written off	-	-	(442,418)	-	-	(442,418)	-
Balance, end of period	<u>\$ 1,159,016</u>	<u>\$ 168,812</u>	<u>\$ 55,280</u>	<u>\$ 741,255</u>	<u>\$ 107,431</u>	<u>\$ 2,231,794</u>	<u>\$ 2,392,366</u>
<b>Deferred Exploration expenditures:</b>							
Drilling	2,039,739	-	103,675	-	134,097	2,277,511	4,011,323
Geology	2,220,398	-	317,640	61,702	228,973	2,828,713	3,935,940
Geophysics	36,729	-	-	12,035	-	48,764	182,344
Property evaluation	324,859	-	109,122	-	124,117	558,098	907,171
Road construction	139,266	-	7,351	-	-	146,617	214,149
Supervision	-	-	-	3,979	-	3,979	773,828
Trenching	423,268	240	21,847	-	201,499	646,854	24,643
	<u>5,184,259</u>	<u>240</u>	<u>559,635</u>	<u>77,716</u>	<u>688,686</u>	<u>6,510,536</u>	<u>10,049,398</u>
Balance, beginning of period	<u>21,249,385</u>	<u>1,046,484</u>	<u>1,176,158</u>	<u>711,047</u>	<u>-</u>	<u>24,183,074</u>	<u>\$ 15,078,184</u>
	<u>26,433,644</u>	<u>1,046,724</u>	<u>1,735,793</u>	<u>788,763</u>	<u>688,686</u>	<u>30,693,610</u>	<u>25,127,582</u>
Proceeds from option payments	-	-	-	-	-	-	(114,780)
Recoveries	(1,457,005)	-	-	(417,847)	-	(1,874,852)	-
Transfer of properties during the year	-	-	-	-	-	-	(767,455)
Costs written off	-	-	(1,515,665)	-	-	(1,515,665)	(62,273)
Balance, end of period	<u>24,976,639</u>	<u>1,046,724</u>	<u>220,128</u>	<u>370,916</u>	<u>688,686</u>	<u>27,303,093</u>	<u>24,183,074</u>
<b>Mineral properties and deferred exploration expenditures</b>	<u>\$ 26,135,655</u>	<u>\$ 1,215,536</u>	<u>\$ 275,408</u>	<u>\$ 1,112,171</u>	<u>\$ 796,117</u>	<u>\$ 29,534,887</u>	<u>\$ 26,575,440</u>