

TRELAWNEY MINING AND EXPLORATION INC.
(formerly Trelawney Resources Inc.)
Management's Discussion and Analysis
of Financial Condition and Results of Operation June 30, 2009

Management's discussion and analysis (MD&A) is current to August 28, 2009 and is management's assessment of the operations and the financial results together with future prospects of Trelawney Resources Inc. ("Trelawney", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited consolidated financial statements and related notes for the year ended December 31, 2008, prepared in accordance with Canadian generally accepted accounting principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Trelawney's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument/ 51-102F1 as the guideline in presenting the MD&A. This MD&A should be read in conjunction with the most recent Annual Information Form ("AIF") on file with the provincial securities regulatory authority. Additional information relevant to the Company's activities, including the Company's Annual Report and audited consolidated financial statements can be found on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Trelawney to fund the capital and operating expenses necessary to achieve the business objectives of Trelawney, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

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1. Description of Business

The Company is a Tier 2 junior exploration company listed on the TSX Venture Exchange ("TSXV"), engaged in the acquisition and exploration of mineral properties with a primary interest in gold. The Company was formed under the *Business Corporations Act* (Ontario) as Zenda Gold Corp. on July 4, 1996 by articles of amalgamation. The amalgamation was completed between Galinée Mattagami Mines Limited, a public company, and Paramount Gold Corporation, a private company. On November 1, 1999 the Company amended its articles to change its name to "Zenda Capital Corp.". On April 1, 2009, the Company changed its name to "Trelawney Mining and Exploration Inc."

The Company is currently focusing its exploration efforts in the Wawa area of central Ontario. The Company is a reporting issuer in Alberta, British Columbia and Ontario.

As at August 15, 2009, the directors and officers of the Company were:

Greg Gibson	President and Director
Robert Duess	Director
Charlotte May	Secretary
Andres Tinajero	Chief Financial Officer
Chris Irwin	Director
Patrick Mohan	Director
George Cole	Director
Nadim Wakeam	Assistant Secretary
James Fairbairn	Treasurer
Wayne O'Connor	Chairman

On January 13, 2009, Michael Dehn resigned as a director of the Company.

On February 20, 2009, Greg Gibson joined as the new president and director to replace Wayne O'Connor who stepped down after many years of service to the Company.

Gary Nassit, P.Geo. is a "Qualified Person" for the Company under the definition of National Instrument 43-101. Mr. Duess stepped down as the VP Exploration and became a director.

2. Overall Performance

For the period ended June 30, 2009 the Company's cash and cash equivalent position decreased by \$154,235 to \$217,909 from \$372,144 at December 31, 2008. This decrease is due to general operational expenses.

August 18, 2009. The Company announced that has entered into a definitive option agreement with Treelawn Investment Corp. wherein Trelawney has been granted the exclusive right to earn up to a 70% interest in certain mining claims located in Chester Township, Ontario.

August 24, 2009. Trelawney Mining and Exploration and Metallum resources Inc. have entered into an agreement, under which Trelawney is entitled to acquire 92.5% interest in Young-Shannon Property adjacent to the Chester Township, Ontario in exchange for 5,000,000 common shares of Trelawney and a 1% net smelter return royalty on the Young Shannon Property payable when the monthly average gold price exceeds USD\$1,000 per ounce.

August 28, 2009. Toronto, Ontario - Trelawney Mining and Exploration Inc. ("Trelawney") (TRR: TSXV) is pleased to announce that the Company has closed the private placement of flow-through and common share units. A total of \$2,932,450 was raised through the issuance of 11,115,000 flow-through units of the Company and 4,173,234 common share units of the

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Company. Each flow-through unit was priced at \$0.20 and comprised one flow-through common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each common share unit was priced at \$0.17 and comprised one common share and one-half of one Warrant. Each Warrant will entitle the holder thereof to acquire a Common Share for a period of 12 months from the date of issuance, exercisable at a price of \$0.30 per share.

The Company is engaged in the business of preliminary or early stage mineral exploration and mine development. The Company holds no interests in producing or commercial ore deposits. The Company has no production or other revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of ore containing economic concentrations of gold or other mineral resources are discovered. If in the future a discovery is made, substantial financial resources will be required to establish ore reserves. Additional substantial financial resources will be required to develop mining and processing for any ore reserves that may be discovered. If the Company is unable to finance the establishment of ore reserves or the development of mining and processing facilities it will be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development.

Selected Annual Information

	Period Ended June 30, 2009	Year Ended December 31, 2008	Year End December 31, 2007
	\$	\$	\$
Loss before income taxes	254,012	849,547	389,070
Net Loss (Income)	254,012	586,547	(595,058)
Loss (Income) per weighted average share – basic and fully diluted	\$0.01	\$0.01	\$(0.01)
Total Assets	5,070,785	5,169,219	5,922,184

3. Results of Operations

New Accounting Standards

As disclosed in Note 3 to the Company's interim financial statements as at December 31, 2008, commencing January 1, 2008, the Company adopted new accounting standards issued by the Canadian Institute of Chartered Accountants relating to the accounting for and disclosure of capital, inventories and financial instruments.

Adoption of these standards did not require the Company to restate prior periods as these new standards have been adopted prospectively.

Three month period ended June 30, 2009

The Company incurred a net loss of \$131,319 or \$0.001 a share for the three month period ended June 30, 2009, compared with a net loss of \$114,965 or \$0.001 a share for the same period ended June 30, 2008.

The Company did not incur stock-based compensation expense for the three month period ended June 30, 2009 and 2008.

For the three month period ended June 30, 2009, management and consulting fees decreased by \$28,250 to \$49,500 from \$77,750 in the same period in 2008. The decrease is due to a cost savings initiative taken by the Company.

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Shareholder information costs increased in the three month period ended June 30, 2009 by \$3,622 to \$14,492 from \$10,870 in the same period in 2008. The increase is due to the increased costs by the Company for shareholder development.

Professional fees decreased by \$1,396 to \$9,496 during the three month period ended June 30, 2009 compared to \$10,892 in the same period in 2008. The decrease is attributable to lower legal fees.

Promotion and travel expenses for the three month period ended June 30, 2009 decreased by \$26,700 to \$26,813 from \$113 in the same period in 2008. The increase is due to the increased costs by the Company for shareholder development.

Total office and general costs increased in the three month period ended June 30, 2009, by \$2,495 to \$31,018 from \$28,523 in 2008. The increase is attributable to insurance expenses.

Interest income earned in the three month period ended June 30, 2009 is \$Nil compared to \$13,183 for the same period in 2008. The decrease is due to lower investments being held.

Six month period ended June 30, 2009

The Company incurred a net loss of \$254,012 or \$0.001 a share for the six month period ended June 30, 2009, compared with a net loss of \$232,001 or \$0.003 a share for the same period ended June 30, 2008.

The Company did not incur stock-based compensation expense for the six month period ended June 30, 2009, compared to \$6,000 for the same period in 2008.

For the six month period ended June 30, 2009, management and consulting fees decreased by \$41,700 to \$85,000 from \$126,700 in the same period in 2008. The decrease is due to a cost savings initiative taken by the Company.

Shareholder information costs decreased in the six month period ended June 30, 2009 by \$8,618 to \$32,246 from \$40,864 in the same period in 2008. The decrease is due to the lower activity during the period and a cost savings initiative by the Company.

Professional fees increased by \$5,785 to \$30,679 during the six month period ended June 30, 2009 compared to \$24,894 in the same period in 2008. The increase is attributable to higher legal fees.

Promotion and travel expenses for the six month period ended June 30, 2009 decreased by \$25,598 to \$29,840 from \$4,242 in the same period in 2008. The increase is due to the increased costs by the Company for shareholder development.

Total office and general costs increased in the six month period ended June 30, 2009, by \$23,495 to \$76,247 from \$52,752 in 2008. The increase is attributable to insurance expenses.

Interest income earned in the three month period ended June 30, 2009 is \$Nil compared to \$23,451 for the same period in 2008. The decrease is due to lower investments being held.

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Summary of Quarterly Results

Selected financial information for the eight quarters as follows:

	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
	\$	\$	\$	\$
Total Revenue	-	-	1,235	4,374
Net Loss	131,319	122,693	165,311	165,784
Loss Per Share – basic and fully diluted	\$0.001	\$0.001	\$0.002	\$0.002
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
	\$	\$	\$	\$
Total Revenue	13,183	4,235	54,058	-
Net Loss (Income)	128,148	127,304	(940,227)	57,383
Loss (Income) Per Share– basic and fully diluted	\$0.001	\$0.001	\$(0.01)	\$0.00

Liquidity and Capital Resources

The Company utilized \$318,691 in operations; the majority of this amount was incurred in paying existing suppliers relating to the development of the properties. \$15,319 was spent on option payments undertaken in the Massey property during the period ended June 30, 2009.

The Company raised \$220,000 in March 27, 2009 on a private placement for 2,000,000 common shares at an exercise price of \$0.11 per common share.

4. Related-party Transactions

W.J. and Associates (“WJA”) charged the Company a total of \$10,000 (2008 - \$87,500) in respect of the services of Wayne O’Connor. Wayne O’Connor, the President and a director of the Company, beneficially owns WJA. Mr. O’Connor has a consulting agreement with the Company.

Greg Gibson charged the Company \$32,500 (2008 - \$Nil) in respect of services of his services. Mr. Gibson, the new President and a director of the Company replaced Wayne O’Connor.

Duess Geological Services Limited (“DGS”) charged the Company a total of \$Nil (2008 - \$75,000) in respect of the services of Bob Duess, V.P. Exploration of the Company, who beneficially owns DGS. Mr. Duess provides most of the geological expertise for the Company.

Andres Tinajero, Chief Financial Officer, of the Company charged \$18,000 (2008 - \$15,700) in respect of his services. Mr. Tinajero has a consulting agreement with the Company.

On April 15, 2009, Trelawney announced a settlement of debt of \$4,500 through the issuance of 300,000 common shares of the Company at a price of \$0.015 per share and another \$4,500 of indebtedness through the issuance of 90,000 common shares at a price of \$0.05 per share in consideration for certain consultants and officers of the Company.

The Company also settled rent payments outstanding in the amount of \$12,812.10 through the issuance of 854,140 common shares to the lessor of the property at a price of \$0.015 per share.

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.

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Any amounts due to related parties are typically non-interest bearing, unsecured, and have no fixed terms of repayment.

5. Exploration Activities

The Company is focused on exploring and developing its gold properties located in Massey and Wawa, Ontario.

Chester Property

On June 26, 2009, Trelawney signed a letter of agreement with Treelawn Investment Corp. ("Treelawn") to acquire up to a 70% interest of a gold property located in northern Ontario that was developed to the 550 foot level in the 1980's, but not put into production.

Massey

Trelawney has an option to earn a 100% interest in the Massey Property.

The Massey Property is located about 5 km northwest of the town of Massey and 85 km west of the mining and smelting facilities at Sudbury, Ontario. Massey is located on the Trans-Canada Highway #17. The property comprises 37 claim units totalling 832 hectares in Salter Township, Sudbury Mining Division and contains the former producing Hermina #1 and #3 mines, as well as the Gutcher shaft and the adit zone of the Massey mine. The Hermina deposits are 1.7 km apart and are believed to be localized along a splay fault to the Murray Fault, a major regional structure. An estimated 18,535 tonnes of ore grading about 2.82% Cu were mined from the deposit intermittently between 1901 and 1970. The deposit is open in both directions along strike and down dip. Minor gold values were known to exist with the copper at Hermina but no systematic sampling for gold had ever been carried out.

The Gutcher shaft and the Massey Mine are contained within a large hematized, silicified, albitized and sericitized breccia complex adjacent to the Murray Fault; the area has many features in common with iron oxide-copper-gold (IOCG) deposits.

During May 2005, the Company carried out a program of surface and downhole induced polarization to further define drill targets on the property. The Company completed a 1,500 metre drilling program. A broad zone of copper mineralization was intersected that assayed 1.73% copper over 6.1 metres. On November 2, 2006, Trelawney signed a LOI with Citadel Gold Mines Inc. who can earn up to a 75% interest in the property by spending \$1.2 million on exploration, making cash payments of \$260,000 and issuing 1,150,000 common shares of Citadel. The agreement was finalized in January 2007. On December 5, 2008, Citadel notified the Company that it had terminated the agreement.

Mishi Property (100% owned)

The Mishibishu Lake Property consists of four claim blocks totaling, 328 claim units (13,000 acres) in the Mishibishu greenstone belt in the Wawa area, Sault Ste. Marie Mining Division in central Ontario. There are two operating mines and one former producing mine within the greenstone belt; the most notable is the Eagle River Mine currently operated by West Dome Gold Mines Ltd. Recent work around the mine has discovered gold mineralization (146 g Au/t over 4.7 m and 50 g Au/t over 2.3 m). The other two operations are the former producing Magnacon mine and the producing Mishi pit. There is good infrastructure and support in Wawa and an operating mill is less than 25 km from all the properties. A prospecting and sampling program started in May 2008 and was completed over the summer months.

Dorset Property

The Company has the right to earn an initial 50% interest in the Dorset Property by spending \$2.0 million on exploration making cash and stock payments to MetalCORP totaling \$220,000 and issuing 900,000 shares over five years. An initial cash payment of \$20,000 and share issuance

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of 150,000 was made on obtaining all necessary board and regulatory approvals. Has earned 50% interest in the property and is currently conducting a \$476,000 exploration program. MetalCORP has elected to dilute during this phase of exploration. Assay results are pending for 5 drill holes completed in October 2008.

The property consists of 5 mineral claims comprising 18 claim units located about 60 kilometres west of Wawa Ontario in the Mishibishu greenstone belt.

The Dorset zone was originally discovered in 1995 during the follow-up of a soil anomaly outlined during previous work. The Dorset zone is a strongly albitized and carbonatized zone located within the regional Rook Lake deformation zone. Gold mineralization is associated with disseminated pyrite and arsenopyrite with trace amounts of pyrrhotite, chalcopyrite and sphalerite. A structural study carried out for Battle Mountain Gold reached the following conclusions. The zone is unlike any other gold zones of the Mishibishu Greenstone belt, where the gold is generally hosted within quartz veins. The Dorset Zone is a primary hydrothermal stratiform gold system with a minimum strike length of 750 metres, which exhibits the potential for significant areal extent (Chris Beaumont-Smith, structural geologist). Some of the better intersections encountered during previous drill programs were 4.0 g/t Au over 22 metres in hole 9, 5.05 g/t Au over 7.7 metres in hole 28 and 6.16 g/t Au over 3.05 metres in hole 27. The initial phase of a 5,000 metre drilling program was announced in August 2006. On September 27, 2006, the company announced that they had completed 2700 metres of drilling on the project. Drill results released in October 2006 intersected the highest gold values to date on the property 9.21g/t gold over 3 metres. The Company completed a private placement for a minimum \$1.78 million in November 2006. This will allow Trelawney to expand the proposed drilling program for the Wawa properties to over 20,000 metres. The drilling program started in mid-December 2006. A majority of the drilling has been above the 125 metre elevation. 92 drill holes have been completed totaling 15,834 metres. On June 27, 2007 the Company announced that independent consultants have been hired to complete a resource calculation compliant with NI43-101.

On October 31, 2007, the Company reported that the first NI 43 – 101 compliant resource estimates has now been completed for the Dorset Zone, Mishi Project, located near Wawa Ontario. The initial estimate (using a 0.50 g Au/t cut-off) consists of an Indicated Resource of 40,000 ounces of gold (780,000 tonnes grading 1.42 g/t Au), and an Inferred Resource of 180,000 ounces of gold (4,760,000 tonnes grading 1.19 g/t Au). Further details of this resource estimate, using cut-off grades ranging from 0.5 to 1.5 g/t Au is summarized in the following tables:

Dorset – Indicated Resource				Dorset – Inferred Resource			
Au Cut-off	Tonnes > Cut-off	Grade > Cut-off		Au Cut-off	Tonnes > Cut-off	Grade > Cut-off	
(g/t)	(tonnes)	Au (g/t)	Ounces Gold	(g/t)	(tonnes)	Au (g/t)	Ounces Gold
0.50	780,000	1.42	40,000	0.50	4,760,000	1.19	180,000
1.00	540,000	1.71	30,000	1.00	2,580,000	1.58	130,000
1.50	290,000	2.12	20,000	1.50	1,180,000	2.00	80,000

Notes to tables:

1. The indicated and inferred resources were estimated using Canadian Institute of Mining, Metallurgy and Petroleum, (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines.
2. Mineral Resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by several factors

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such as, but not limited to, environmental, legal, title, taxation, or other issues. Trelawney is not aware of any environmental, permitting, taxation, socio – political, marketing or other issues which may materially affect its estimate of mineral resources.

3. The Inferred Resources in this estimate are conceptual in nature and, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resources as a result of continued exploration.
4. Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. An Indicated Mineral Resource estimate is of sufficient quality to support a Preliminary Feasibility Study which can serve as the basis for major development decisions.
5. The resource estimate is derived from two zones, A and B -- Zone B is considered to be the faulted or folded east extension of Zone A.
6. No metallurgical work or testing for mineral processing, including milling, and recoveries were performed.

The independent Mineral Resources for the Dorset Zone were estimated by Giroux Consultants Ltd. Mr. Gary Giroux, P.Eng. is the Qualified Person under National Instrument 43-101 responsible for the estimate. A Technical Report was prepared by OreQuest Consultants Ltd. and was filed in December 2007 on SEDAR and may be accessed at www.sedar.com. Subsequent to the filing of the N143-101 the company notified Metalcorp that Trelawney was exercising its option to have earned a 50% interest in the property and to form a 50/50 joint venture to further explore the property. A joint venture management meeting met in May 2008 to determine the future exploration programs for the property. MetalCorp has chosen to dilute its position in the project for the proposed \$476,000 exploration program, which commenced in August 2008. Trelawney Resources reporting the assay results on November 12, 2008 from the first five holes of the drilling program. Drilling was focused in the immediate vicinity of the recently stripped area of the Dorset "B" zone to test near surface gold mineralization. All holes intersected the Dorset "B" zone, and all five holes returned significant gold mineralization, the highest value of 7.52 g/t over a core length of 2.5 metres. The complete assays results can be seen in the press release issued for November 12, 2008.

Murgor-Mishibishu Lake Property

Trelawney can earn an interest in Murgor's Mishibishu lake property located about 50 km west of Wawa, Ontario and about 80 km southeast of the Hemlo gold camp. Trelawney can earn a 75% interest in the property by, issuing 750,000 shares, making cash payments totaling \$200,000 cash, spending \$1,500,000 on exploration over 5 years and by completing a feasibility study. A formal agreement was finalized in June 2006. The Company has completed the first two years' commitments of the agreement.

The property consists of 114 mining claim units covering 4,520 acres and it is contiguous with Trelawney's recently optioned Dorset property and Trelawney's 100% owned, 13,000 acre Mishi property.

The Mishibishu lake property contains more than 30 known gold occurrences the most important of which is the Martin Zone. The geology consists of pyrite and arsenopyrite mineralization in deformed, altered and quartz veined mafic metavolcanics. This zone has been traced for over a kilometre along strike in drill holes and trenches. The Martin Zone appears to be similar in style and orientation to the Dorset Zone about 400 metres to the northwest. Drilling at the Dorset Zone returned intercepts grading up to 3.74 g/t Au over 22 metres. The mineralization in the Dorset

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and Martin zones appear to be similar to the Holloway and the Holt-McDermott deposits found in the Harker-Holloway area east of Timmins, Ontario.

With the addition of the Mishibishu lake property Trelawney becomes the largest mineral claim holder in the entire camp with about 21,000 acres under control. This is the largest land package assembled in this area since the Hemlo rush in the 1980's. The consolidated property contains over 48 known gold occurrences attesting to the potential of the Mishibishu greenstone belt. A spring 2007 drilling program was completed in the area of the Martin zone. No significant gold mineralization was intersected. A 5,000 metre diamond drilling started in January 2008 and the company has completed 25 holes (MR -08-8 to MR-08-33) totalling 5,410 metres, so far on the Mishibishu Lake property (Murgor Option) located 60 kilometers northwest of Wawa, Ontario. The drill program has tested several target identified by soil sampling, prospecting, channel sampling and/or Induced Polarization surveys. These targets are scattered throughout the property area as shown on a map which can be viewed on the Company's website at www.trelawneyresources.com. Trelawney can earn up to a 75% interest in the 4,520 acre Mishibishu Lake property owned by Murgor Resources Inc. by spending \$1.5 million on exploration. To date Trelawney has spent in excess of \$800,000 on the Mishibishu property. Complete assay results have now been received for the first eight holes (MR-08-8 to MR-08-16). Hole MR-08-16 returned the best assay results of 4.08g/t Au. Assay results for the last 17 holes were reported with anomalous gold values reported in every drill hole. The agreement remains in good standing.

Nairn Property

In June 2006 Trelawney announced that it signed an option agreement whereby the Company can earn a 100% interest in the Nairn and Hyman Township property located 55 kilometres southwest of the city of Sudbury, Ontario. Trelawney can earn its interest in the property by issuing 275,000 common shares and by making cash payments totaling \$105,000 over a five year period. The vendor will retain a 2% Net Smelter Return Royalty (NSR) of which half can be purchased for \$1 million. An initial five hole drilling, prospecting and sampling program was completed during August 2007. No significant sulphide mineralization was intersected in the drilling.

The property consists of 11 mining claim units covering approximately 3,200 acres in two non contiguous blocks. The northern block contains two main showings known as the Keba showing and the Kordol showing. The Keba occurrence is exposed for a distance of 160 metres along strike and 3.5 metres in width disappearing under the drift cover at its extremities. Grab samples taken by previous workers on the property returned values of up to 2.34% Cu, 1.14% Ni and 1.5 g/t Pt+Pd+Au. A breccia discovered in this area contained rounded gabbro inclusions within a sulphide rich matrix. This has been interpreted as Sudbury Breccia (Wood, 2004 and Winter, 2000). The Kordol occurrence consists of pockets of disseminated and massive pyrrhotite, pyrite and chalcopyrite. A chip sample from this zone returned values of 1.03% copper, 0.45% nickel and 0.12% cobalt over 5.2 metres. During the Year, the property was written-off and returned to the vendor.

Mexican Properties

La Bufa Property

On November 26, 2007 Trelawney announced that it signed a letter of agreement with West Timmins Mining Inc. (WTM) to earn a 50% interest in WTM's La Bufa copper-gold-silver project located in Chihuahua, Mexico. Under the terms of the agreement Trelawney may earn the 50% interest in the La Bufa project by funding US\$1,000,000 in exploration over 5 years, making cash payments totaling CDN\$310,000 over 4 years and issuing 1,500,000 common shares to West Timmins over 3 years.

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The La Bufa project is located in the Three States Mineral District of south-western Chihuahua State, Mexico. The La Bufa project is road accessible and is located 75 kilometres east of West Timmins' Montana de Oro Project, 25 kilometres east of Goldcorp's El Sauzal Gold Mine and 15 kilometres east of Mag Siler's/Penol's Batopilas multi million ounce silver project. An exploration program and compilation of geological data started in March 2008. A drilling program has been deferred until next year due to a bas rainy season in Mexico and current market conditions. On November 26, 2008, Trelawney terminated the earn-in agreement with West Timmins Mining Inc.

La Bufa Azteca Property

On December 4, 2007, Trelawney and WTM announced a Letter of Intent to acquire a combined 100% interest in the La Bufa Azteca property located in Chihuahua, Mexico. The 135 square kilometer La Bufa Azteca property adjoins West Timmins La Bufa property and hosts the former producing Caballero Azteca gold deposit and a number of similar copper-gold vein occurrences. During the year, Trelawney terminated the letter of intent due to the current financial environment.

6. Other Information

Additional Disclosure for Venture Companies without Significant Revenue

	June 30, 2009	December 31, 2008
Mineral Properties		
Capitalized mineral properties and deferred expenditures	\$ 4,836,398	\$ 4,759,042
Expensed development and exploration		
Corporate expenses	\$ 254,012	\$ 849,547
Total assets	\$ 5,070,785	\$ 5,169,219

	June 30, 2009	December 31, 2008
Mineral properties and deferred costs	Capitalized	Capitalized
Acquisition costs	\$ 25,350	\$ 123,000
Geological	3,375	213,010
Drilling	-	427,310
Assaying	3,180	31,795
Consulting	700	42,796
Travel	9,581	54,093
Surveying	-	29,338
Labour	-	3,175
Other	35,170	271,546
	\$ 77,356	\$ 1,137,796

Corporate Expenses	June 30, 2009	December 31, 2008
Stock-based compensation	\$ -	\$ 6,000
Office and general	76,247	95,925
Management and consulting	85,000	225,200
Professional fees	30,679	42,981
Promotion and travel	29,840	16,977
Shareholder information	32,246	32,073
Interest and other income	-	(23,027)
Write-down of mineral properties	-	426,451
Write-down of investments	-	33,000
	\$ 254,012	\$ 849,547

Outstanding share data	June 30, 2009	December 31, 2008
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Issued and outstanding common shares	18,091,997	88,752,688
Outstanding options to purchase common shares	590,000	3,250,000
Outstanding warrants to purchase common shares	-	18,856,376

Disclosure of Outstanding Share Data, August 15, 2009

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	18,091,997 Common Shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 590,000 common shares b) No warrants exercisable to acquire common shares of the Company, all expired during the year, unexercised.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, sundry receivables, GST, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Assessment of Recoverability of Mineral Property Costs

The Company's recorded value of its exploration properties is based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation 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.

Assessment of Recoverability of Future Income Tax Assets

In preparing the consolidated financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered "more likely than not," a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the consolidated income statement.

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Estimate of Stock Based Compensation and Associated Assumptions

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This accounting required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 8 of the June 30, 2009, unaudited consolidated financial statements for a full disclosure.

Assessment of Recoverability of Receivables Including VAT

The carrying amount of accounts receivables, and Value Added Tax are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

Critical Accounting Policies

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of operations and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

Income Tax

The Company accounts for income taxes in accordance with the asset and liability method. The determination of future income tax assets and liabilities is based on the differences between the financial statement and the income tax bases of assets and liabilities, using substantively enacted tax rates in effect for the period in which the differences are expected to reverse. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

Exploration and Evaluation Costs

Exploration and evaluation expenditure costs incurred by the Company are accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead and foreign exchange movement on loans directly attributable to the project, but does not include general overheads or administrative expenditure. Mineral property acquisition costs are capitalized. Exploration and evaluation expenditure for each area of interest is expensed as incurred, unless such costs are expected to be recovered through successful development and exploitation of the area of interest or, alternatively, by its sale. Expenditure is not deferred in respect of any area of interest or mineral resource unless the Company's rights of tenure to that area of interest are current.

Foreign Currency Translation

The Company employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized in income, with the exception of amortization which is translated at the historical rate for the associated asset. Realized exchange gains and losses and currency translation adjustments are included in income. The Company does not have any self sustaining operations.

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Capital Assets

The cost of each item of capital assets is amortized on a straight line basis over its expected useful life to the Company. The expected useful lives of plant and equipment held are between five and ten years. The carrying value of capital assets is reviewed and where there is an indication of impairment and the carrying values exceed their recoverable amount, they are written down to fair value.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid investments with maturity of three months or less at the date of original issue.

Loss per Share

Basic loss per share is determined by dividing the net loss by the weighted average number of ordinary shares outstanding during the financial period. Diluted loss per share is the same as basic loss per share as the effect of potential issues of shares under option or from warrant exercises would be anti-dilutive.

Asset Retirement Obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment, and monitoring of the site are recognized and recorded as a liability at fair value. The liability is accreted, over time through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life.

The Company is evaluating possible obligations relating to retirement of its assets as at June 30, 2009 and no liability has been recognized.

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. The Company has evaluated the impact of EIC 166 and determined that no adjustments are currently required.

Changes in Accounting Policies Including Initial Adoption

Comprehensive Income, Equity, Financial Instruments and Hedges

On October 1, 2006, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251 "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3865, "Hedges."

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

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Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustment as part of other comprehensive income.

Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

The adoption of these Handbook Sections had no impact on the opening deficit.

Future Accounting Changes

Accounting Changes

New Accounting Policies:

Capital Disclosures and Financial Instruments - disclosures presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosure (Handbook Section 1535); Financial Instruments Disclosures Handbook Section 3862); and Financial Instruments Presentation (Handbook Section 3863). These new standards became effective for the Company on October 1, 2007.

Capital Disclosures

Handbook Section 1535 specifies the disclosures of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private

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placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The current capital structure consists of cash and shareholders' equity excluding accumulated other comprehensive income (loss). The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure.

Effective January 1, 2009, the CICA has issued a new standard which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company will adopt the requirements commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the Company's financial statements. Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The application of this new standard had no impact on the Company's operating results or financial position.

Mining Exploration Costs

On March 27, 2009, the CICA approved EIC 174, "Mining Exploration Costs". This provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the three months ended March 31, 2009 resulting in no significant impact on its consolidated financial statements.

Financial Instruments

Handbook Section 3862 and 3863 replaces HB s.3861, Financial Instruments Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risk arising from financial instruments and how the entity manages those risks. All financial instruments are classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments held-to-

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maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash	Held for trading
Marketable Securities	Held to trading
GST Receivable	Other Receivables
Accounts payable and accrued liabilities	Other liabilities

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are expensed on initial recognition.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

A) **Credit Risk**

The Company is not exposed to major credit risk attributable to customers. Additionally, the majority of the Company's cash and cash equivalents are held with a high rated Canadian financial institution in Canada.

B) **Market Risk**

i.) Interest Rate Risk

The Company does not have any interest bearing debt. The Company invest cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian Bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

ii.) Foreign Currency Risk

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial Institution.

iii.) Sensitivity analysis

The Company has designated its cash and cash equivalents as held for trading, which is measured at fair value; the carrying amount of the financial instruments equals fair market value.

Management believes that, based on their knowledge and experience of financial markets, the following sensitivity analysis is appropriate for its cash and cash equivalents and its exposure to foreign exchange risk: The Company's funds are held primarily in short term investments grades deposits, the rates of which are fixed for a period not exceeding three months.

iv.) Political Risk

The properties are located in Canada, and accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada. Therefore the Company is not exposed to significant political risks.

The Company's ability to conduct future exploration and development activities is subject to changes in government regulations and shifts in political attitudes over which Trelawney Resources Inc. has no control.

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v.) Business Risk

The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of Trelawney is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. Trelawney does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect Trelawney's operations and financial performance.

vi.) Commodity Price Risk

The price of the common shares in the capital the Company ("Common Shares"), its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

vii.) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2009, the Company had current assets of \$234,387 (2008 - \$410,177) and current liabilities of \$48,956 (2008 - \$135,190). All of the Company's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital of the Company is \$185,431 (2008 - \$274,987).

Section 3064 - Goodwill and intangible assets

Effective January 1, 2009, the Company will adopt Section 3064 "Goodwill and intangible assets" which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company presently does not have any goodwill and therefore the adoption of this new policy will have no impact on the Company at the present time.

Convergence with International Financial Reporting Standards

The Canadian Institute of Chartered Accountants plans to transition Canadian GAAP for public companies to International Financial Reporting Standards ("IFRS"). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Corporation's consolidated financial statements is not yet determinable.

Other Standards

The CICA issued new accounting standard Section 3031 Inventory which becomes effective for the fiscal year beginning on or after October 1, 2008. Section 3031 establishes standards for the measurement of inventories, allocations of overhead, accounting for write-downs and disclosures.

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The Corporation has determined that this new standard will have no material impact on the financial statements.

Financial Instruments and other Instruments

Net Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

Cash and cash equivalents have been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Debentures payable have been classified as held to maturity, which are measured at amortized cost using the effective interest method. The Company has no available for sale instruments.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and Permitting

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company can not assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

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Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Proposed Transactions

In the normal course of business, as and ongoing part of the exploration process, the Company investigates mineral properties which are submitted to the Board of Directors for consideration. As well there are transactions listed in the "Subsequent to the end of the period" section of the Financial Statements. However, the Company continues to evaluate, review and negotiate a number of other prospective projects.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the year covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded. External auditors, appointed by the shareholders, have not examined the consolidated financial statements for the period ended June 30, 2009. The Audit Committee has reviewed the audited consolidated financial statements

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with management. The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

August 28, 2009