



2007 Annual Report

Anatolia Minerals Development Limited

(A development stage company)

Consolidated Financial Statements

December 31, 2007 and 2006

(expressed in U.S. dollars)

Management's Responsibility for Financial Reporting

The consolidated financial statements and other information in management's discussion and analysis were prepared by the management of Anatolia Minerals Development Limited, reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors.

Management is responsible for the preparation of the consolidated financial statements and believes that they fairly represent the Company's financial position and the results of its operations in accordance with Canadian generally accepted accounting principles. Management has included amounts in the Company's consolidated financial statements based on estimates, judgments and policies that it believes reasonable in the circumstances.

To discharge its responsibilities for financial reporting and for the safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance, at appropriate cost, that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately in the Company's books and records.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors. This Committee meets periodically with management and the external auditors to review accounting, auditing, internal control and financial reporting matters.

(Signed)

Timothy J. Haddon
Interim CEO and Chairman

(Signed)

Douglas L. Tobler
Chief Financial Officer

March 27, 2008

Auditors' Report

**To the Shareholders of
Anatolia Minerals Development Ltd.**

We have audited the consolidated balance sheets of Anatolia Minerals Development Ltd. as at December 31, 2007 and 2006 and the consolidated statements of operations and deficit, cash flows and changes in shareholders' equity and comprehensive loss for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations, its cash flows and changes in shareholders' equity and comprehensive loss for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario, Canada
March 27, 2008

Anatolia Minerals Development Limited

(A development stage company)

Consolidated Balance Sheets

As at December 31, 2007 and 2006

(expressed in U.S. dollars)

	2007 \$	2006 \$
Assets		
Current assets		
Cash and cash equivalents	133,713,274	65,873,180
Restricted cash (note 12)	4,855,633	-
Prepaid expenses and sundry assets	1,554,708	1,869,581
Exploration expenditures receivable	589,915	403,507
	<u>140,713,530</u>	<u>68,146,268</u>
Development property	20,821,913	1,585,603
Property, plant and equipment (note 4)	1,486,728	939,512
Other assets	1,512,478	468,463
	<u>164,534,649</u>	<u>71,139,846</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	4,373,813	1,810,100
Interest payable (note 5)	807,022	-
Withholding and other taxes payable	232,584	140,898
	<u>5,413,419</u>	<u>1,950,998</u>
Provision for employment termination benefits (note 7)	126,773	142,168
Convertible debentures (note 5)	69,008,565	-
	<u>74,548,757</u>	<u>2,093,166</u>
Shareholders' Equity		
Share capital (note 8)	115,635,948	103,450,577
Equity component of convertible debenture (note 5)	28,356,407	-
Contributed surplus (note 8)	4,869,855	5,104,610
Accumulated other comprehensive income	259,875	-
Deficit	<u>(59,136,193)</u>	<u>(39,508,507)</u>
	<u>89,985,892</u>	<u>69,046,680</u>
	<u>164,534,649</u>	<u>71,139,846</u>

Commitments (note 11)

Approved by the Board of Directors

(signed) Director
Timothy J. Haddon

(signed) Director
Jay C. Kellerman

The accompanying notes are an integral part of these consolidated financial statements.

Anatolia Minerals Development Limited

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Consolidated Statements of Operations and Deficit

For the years ended December 31, 2007 and 2006

(expressed in U.S. dollars)

	2007 \$	2006 \$	From May 27, 1996 (inception) to December 31 2007 \$
Expenses			
Corporate administration	6,164,802	3,043,508	15,332,518
Exploration and engineering expenses	11,257,515	10,280,466	64,873,629
Exploration costs reimbursable from strategic alliance partners	(4,050,629)	(4,461,426)	(28,675,273)
Foreign exchange loss	4,430,996	270,796	5,351,794
Interest accretion on convertible debentures	3,359,039	-	3,359,039
Interest expense on convertible debentures	3,163,477	-	3,163,477
Amortization of property, plant and equipment	139,953	47,995	232,669
Shares issued under share bonus plan (note 11a))	-	-	244,109
Stock-based employee compensation costs (note 8c))	2,168,694	703,165	4,856,881
	<u>26,633,847</u>	<u>9,884,504</u>	<u>68,738,843</u>
Other revenue			
Interest income and other	7,006,161	1,921,016	9,615,223
	<u>(19,627,686)</u>	<u>(7,963,488)</u>	<u>(59,123,620)</u>
Loss for the year or period from inception			
Deficit on business combination	-	-	(12,573)
Deficit - Beginning of year or period from inception	(39,508,507)	(31,545,019)	-
Deficit - End of year or period from inception	(59,136,193)	(39,508,507)	(59,136,193)
Basic and diluted loss per share (note 14)	(0.24)	(0.12)	
Weighted average shares outstanding (note 14)	81,706,829	63,883,206	

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Cash Flows

For the years ended December 31, 2007 and 2006

(expressed in U.S. dollars)

	2007 \$	2006 \$	May 27, 1996 (inception) to December 31 2007 \$
Cash provided by (used in)			
Operating activities			
Loss for the year	(19,627,686)	(7,963,488)	(59,136,193)
Non-cash items			
Amortization of property, plant and equipment	513,469	262,351	1,433,009
Interest accretion on convertible debentures	3,359,039	-	3,359,039
Foreign exchange loss	4,430,996	270,796	4,768,055
Provision for employment termination benefits (note 7)	(15,395)	22,771	126,773
Share bonus plan expense (note 11a))	-	-	244,109
Stock-based employee compensation costs (note 8c))	2,168,694	703,165	4,856,881
Stock issued to acquire interest in Çöpler (note 3)	-	-	7,640,000
Net change in non-cash working capital (note 13)	2,806,746	(624,022)	2,016,193
	<u>(6,364,137)</u>	<u>(7,328,427)</u>	<u>(34,692,134)</u>
Investing activities			
Property, plant and equipment	(1,060,685)	(396,897)	(2,919,965)
Development property	(19,236,310)	(1,585,603)	(20,821,685)
Funding of restricted cash account (note 12)	(4,855,633)	-	(4,855,633)
	<u>(25,152,628)</u>	<u>(1,982,500)</u>	<u>(28,597,283)</u>
Financing activities			
Warrants exercised (note 8d))	9,010,680	8,434,714	20,002,772
Options exercised (note 8c))	771,242	637,284	1,900,849
Shares and units issued (note 8b)i))	-	51,851,441	87,873,764
Issuance of convertible debentures (note 5)	85,605,664	-	85,605,664
Redemption of preferred share	-	-	(2,000,000)
Deficit on business combination	-	-	(12,573)
	<u>95,387,586</u>	<u>60,923,439</u>	<u>193,370,476</u>
Increase in cash and cash equivalents	63,870,821	51,612,512	130,081,059
Cash and cash equivalents - Beginning balance	65,873,180	14,531,464	-
Effect of exchange rates on changes on cash held in foreign currencies	<u>3,969,273</u>	<u>(270,796)</u>	<u>3,632,215</u>
Cash and cash equivalents – Ending balance	<u>133,713,274</u>	<u>65,873,180</u>	<u>133,713,274</u>
Supplemental cash flow information (note 13)			

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statement of Changes in Shareholders' Equity and Comprehensive Loss

For the years ended December 31, 2007 and 2006

(expressed in U.S. dollars)

	For the year ended	
	December 31 2007	December 31 2006
	\$	\$
Share Capital		
Balance at beginning of year	103,450,577	40,619,740
Shares Issued	12,185,371	62,830,837
Balance at end of year	<u>115,635,948</u>	<u>103,450,577</u>
Equity Component Of Convertible Debentures		
Balance at beginning of year	-	-
Convertible debentures issued	28,356,407	-
Balance at end of year	<u>28,356,407</u>	<u>-</u>
Contributed Surplus		
Balance at beginning of year	5,104,610	6,308,843
Shares issued, warrant and option exercise	(2,403,449)	(1,907,398)
Amortization of options granted	2,168,694	703,165
Balance at end of year	<u>4,869,855</u>	<u>5,104,610</u>
Deficit		
Balance at beginning of year	(39,508,507)	(31,545,019)
Loss for the year	(19,627,686)	(7,963,488)
Balance at end of year	<u>(59,136,193)</u>	<u>(39,508,507)</u>
Accumulated Other Comprehensive Income		
Balance at beginning of year	-	-
Transition adjustment – financial instruments	107,263	-
Net change in unrealized gains on available-for-sale securities	152,612	-
Balance at end of year	<u>259,875</u>	<u>-</u>
Total Shareholders' Equity	<u>89,985,892</u>	<u>69,046,680</u>
Comprehensive Loss		
Loss for the year	(19,627,686)	(7,963,488)
Other comprehensive loss		
Net change in unrealized gains on available-for-sale securities	152,612	-
Total comprehensive loss	<u>(19,475,074)</u>	<u>(7,963,488)</u>

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to Consolidated Financial Statements

December 31, 2007 and 2006

(expressed in U.S. dollars, unless otherwise stated)

1 Nature of operations

The Company operates in one operating segment consisting of development of and exploration for mineral deposits in Turkey. Gold, copper and silver prospects are the principle interests of the Company. As a development stage company, the Company's income is limited to interest income and other incidental income. The Company continues to be dependent upon its ability to finance its development and exploration programs through financing activities that may include issuances of additional debt or equity securities. The underlying value of the mineral properties is dependent upon the existence and economic recovery of economic reserves, confirmation of the Corporation's interest in the underlying mineral claims, the ability to raise long-term financing to complete the development of the properties and upon future profitable production or, alternatively upon the Corporation's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

The Company recently initiated development of its 100%-owned Çöpler Gold Project (Çöpler). A feasibility study for Çöpler was completed by independent engineers in April 2006 and reserves and resource estimates were updated in January 2007. A development decision was made effective January 1, 2007. Engineering and procurement activities are ongoing. Development costs associated with Çöpler are capitalized as 'development property'. Upon receipt of required permits and licenses the Company will begin construction.

In connection with its exploration activities, the Company maintains an Ankara, Turkey based exploration team. The exploration team evaluates numerous prospects of the Company and, in certain instances, assists various optionees with exploration prospects subject to option agreements. As of December 31, 2007, six properties were subject to potential earn-in by optionees. None of the optionees have completed earn-in to the respective properties. All other exploration is done at the Company's expense for its sole benefit.

2 Summary of significant accounting policies

Basis of presentation and principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and presented in United States (U.S.) dollars.

All material inter-company balances and transactions have been eliminated.

Translation of foreign currencies

Foreign currency transactions are translated into U.S. dollars at the rates prevailing on the dates of the transactions, as the Company's business is transacted primarily in U.S. dollars.

The operations of the Company's subsidiaries are determined to be of an integrated nature. Accordingly, monetary items are translated at the rates of exchange at the consolidated balance sheet dates and non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the average exchange rates during the applicable accounting periods, except for expenses related to assets and liabilities, which are translated at historical cost. Translation gains or losses are included in the consolidated statements of operations and deficit.

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Cash and cash equivalents

Cash and cash equivalents are comprised of cash, short term investments and money market funds with original maturity dates of less than three months or similar financial instruments that are convertible readily into cash with minimal discount to fair value.

Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated amortization. These assets are amortized on a straight-line basis over their estimated useful lives of generally three to five years (buildings – 20 years).

Exploration and development costs

Exploration and evaluation costs are expensed as incurred. Following completion of a feasibility study and Board approval of a commercial production decision, costs incurred to develop the property are capitalized as Development Property until assets are ready for their intended use. These assets are not subject to depreciation until placed in service.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, prepaid expenses and sundry assets, exploration expenditures receivable, and accounts payable and accrued liabilities approximate the fair values of those financial instruments, due to the short-term maturity of such instruments. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents with high credit quality financial institutions.

Investments

Investments are recorded at fair market value and are subject to an impairment assessment for declines in value that are deemed other than temporary.

Employment termination benefits

Employment termination benefits, as required by Turkish labour law, are recognized as earned. The total provision represents the estimated present value of the future probable obligation of the Company arising from the retirement/termination of the employees as at the consolidated balance sheet dates. The Company maintains an un-restricted escrow account for these amounts although funding this provision is not legally required.

Income taxes

The provision for future income taxes is based on the liability method. Future income taxes arise from the recognition of the tax consequences of temporary differences by applying statutory income tax rates applicable to future years to differences between the financial statements' carrying amounts and the income tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets that it believes will, more likely than not, fail to be realized.

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Stock-based compensation and other stock-based payments

The Company applies the fair value method of accounting to grants of stock options and awards of common shares to employees and others. Common shares are valued at the quoted market value of the Company's common shares on the date of award. The resulting value of options and common shares is charged to expense over the vesting period (for options) or on the date of grant and award (for common shares).

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year which are included when the conditions necessary for issuance have been met. Diluted loss per share, unless anti-dilutive, is calculated in a manner similar to basic loss per share, except that the weighted average number of shares outstanding is increased to include potential common shares from the assumed exercise of options and warrants. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates.

Changes in accounting policies

Effective January 1, 2007, the Company adopted the following guidance of the Canadian Institute of Chartered Accountants' Handbook ("CICA") Handbook:

- a) Section 1530 - Comprehensive Income. Section 1530 introduces comprehensive income, which is composed of net income and other comprehensive income (OCI). OCI comprises revenues, expenses, gains and losses that GAAP requires to be included in shareholder's equity but are excluded from the calculation of net income. OCI includes unrealized gains and losses on financial assets classified as available for sale. The Company has included a statement of comprehensive income in the consolidated financial statements which reflects the gains and losses on financial assets available-for-sale. Cumulative changes in OCI are presented in accumulated other comprehensive income (AOCI), which is presented as a new category of shareholder's equity on the consolidated balance sheet.
- b) Section 3855 - Financial Instruments - Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices, with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss in the Consolidated Statement of Shareholders' Equity and Comprehensive Income. As of December 31, 2007, all of the investments have been designated as available for sale.

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- c) Transition adjustment to opening balance. The adoption of Sections 1530 and 3855 impacts the opening equity and losses of the Company. The unrealized gain on the available for sale investments from purchase to December 31, 2006 was \$107,263 which is reported as an adjustment to the opening balance of accumulated other comprehensive income. The unrealized gain on the available for sale securities for the year ended December 31, 2007 was \$152,612 which is reported in the current period as a net change in unrealized gains on available for sale securities net of taxes in the Statement of Comprehensive Income.
- d) Accounting Changes. In July 2006, the Accounting Standards Board issued a replacement of CICA Handbook Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, and unless otherwise prescribed requires changes in accounting policy to be applied retroactively unless doing so is impracticable, requires prior period errors to be corrected retroactively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

Recent Accounting Pronouncements

The CICA has issued three new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the quarter ended March 31, 2008 and is considering the impact this will have on the Company's financial statements.

- a) Section 1535, Capital disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital.
- b) Section 3031, Inventories, provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.
- c) Section 3862, Financial instruments – disclosures, requires entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company's financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company will be required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments.

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.

- a) 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

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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.

3 Property Acquisition

The Company increased its interest in Çöpler to 100% on January 23, 2004 for total consideration of \$9,900,000 million, consisting of cash totalling \$4,260,000 (including redemption of a preferred share) and 4,000,000 common shares of the Company valued at \$5,640,000. Of this amount \$9,640,000 was expensed as an exploration cost.

4 Property, plant and equipment

The details of property, plant and equipment are as follows for the year ended December 31,:

2007

	Cost	Accumulated Amortization	Net
	\$	\$	\$
Land	6,592	-	6,592
Buildings	73,522	3,676	69,846
Machinery and equipment	233,512	111,800	121,712
Motor vehicles	726,756	335,400	391,356
Furniture and fixtures	660,799	354,991	305,808
Software and licenses	624,854	201,511	423,343
Other plant and equipment	307,258	139,187	168,071
	<u>2,633,293</u>	<u>1,146,565</u>	<u>1,486,728</u>

2006

	Cost	Accumulated Amortization	Net
	\$	\$	\$
Land	6,592	-	6,592
Buildings	73,522	3,676	69,846
Machinery and equipment	164,767	65,434	99,333
Motor vehicles	466,616	299,028	167,588
Furniture and fixtures	516,858	238,581	278,277
Software and licenses	118,020	102,092	15,928
Other plant and equipment	226,024	62,056	163,968
Construction in progress	137,980	-	137,980
	<u>1,710,379</u>	<u>770,867</u>	<u>939,512</u>

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5 Convertible debentures

On April 25, 2007, the Company closed a Cdn\$100 million convertible debenture (the “Debentures”) offering. The Debentures are senior, unsecured obligations of Anatolia, carry a coupon of 4.75% per annum payable semi-annually and have a maturity date of April 30, 2012. Net proceeds of the offering will be used to fund development of the Çöpler Project, working capital and general corporate purposes.

The Debentures are convertible, at the option of the holder, at any time prior to maturity into common shares of the Company at a price of Cdn\$8.00 per common share (a total of 12.5 million shares). The Debentures are classified as a compound financial instrument for accounting purposes. The following table describes the Canadian dollar and U.S. dollar values associated with this transaction on the closing date:

Item	Cdn \$	\$
Face value of debentures	100,000,000	89,094,797
Transaction costs	(3,934,016)	(3,489,133)
Net offering proceeds	<u>96,065,984</u>	<u>85,605,664</u>
Allocated to debentures payable	<u>64,247,775</u>	<u>57,249,257</u>
Allocated to equity	<u>31,818,209</u>	<u>28,356,407</u>

On the date of issuance, the gross proceeds in the amount of Cdn\$100 million was allocated to the relative fair values of the Debentures (\$57.2 million) and the holders’ option to convert the principal balance into common shares (\$28.4 million) (the “Conversion Option”). The fair value of the Debentures is classified as a liability, and will be accreted to their face value through a periodic charge to accretion expense, with a corresponding credit to the liability component over the five-year term. This accretion is based on the effective interest method. As of December 31, 2007, the carrying value of the debentures (including foreign currency adjustment and accretion affects) was \$69,008,565, and accrued interest totalled \$807,022. The amount allocated to the Conversion Option is classified as a separate component within shareholders’ equity.

The Company incurred transaction costs of \$3.5 million. These costs were deferred and allocated to debenture issuance costs of \$2.3 million and to equity issuance costs of \$1.2 million, based on the relative fair values of the debt and equity components at the date of issuance.

The fair value of the Conversion Option was determined using the Black-Scholes option pricing model assuming no expected dividends, a volatility of the Company’s share price of 59%, a risk-free interest rate of 4.1%, and an expected life of five years.

6 Exploration Option Agreements

As of December 31, 2007, the Company has certain option agreements with exploration companies (optionees). To complete earn in, the agreements generally require the optionees to make periodic payments to the Corporation, fund exploration costs to specified amounts and produce a pre-feasibility study within either five or six years from the agreement date. The following is an overview of the Corporation’s property option agreements:

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Property	Primary Mineralization	Optionee	Earn-In %
Tunceli	Cu / Au	Rio Tinto	67%
Yenipazar	Au / Ag / Cu / Pb / Zn	Aldridge Minerals	100% ¹
Tufanbeyli	Zn	Silvermet Corporation	65% ²
Ikiztepe/Sarp	Cu / Mo / Au	Cloudbreak Resources	65%
Karagoz	Au / Sb	Valhalla Resources	65%
Bursa	Cu / Mo / Au	Empire Mining	65%

¹In July 2006, Anatolia agreed to amend the agreement to allow Aldridge Minerals to earn a 100% interest. Anatolia will receive a 6% net proceeds interest in production totalling up to \$165 million. Thereafter, the Anatolia net proceeds interest will increase to 10%.

²Silvermet Corporation has the option to earn an additional 5% interest by delivering a feasibility study in lieu of a pre-feasibility study within the term of the option period.

7 Provision for employment termination benefits

There are no agreements for pension commitments other than the legal requirements as explained below.

Under Turkish labour law the Company is required to pay termination benefits to each employee under certain circumstances. The amount payable consists of one month's salary for each year of service, limited to a maximum of Turkish New Lira (YTL)2,030 (\$1,738) (2006 – YTL1,857 (\$1,304)) for each year of service. There is no legally mandated funding requirement; however, the Company has established an un-restricted cash balance of \$399,934 as at December 31, 2007 (2006 - \$389,771) to provide for employment termination benefits.

The provision for employment termination benefits was calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The following actuarial assumptions were used in the calculation of the provision for employment termination benefits:

	2007	2006
Discount rate	5.71%	5.41%
Retention rate to estimate the probability of retirement	93%	100%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Because the maximum liability is revised semi-annually, the maximum amount of YTL2,088 (\$1,788) (January 1, 2007 – YTL1,961 (\$1,376)) which is effective from January 1, 2008 was taken into consideration in calculating the provision for employment termination benefits.

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8 Share capital

a) Authorized

Unlimited number of common shares, without nominal or par value.

Unlimited number of preferred shares, without nominal or par value, issuable in series.

b) Issued and outstanding

	Common Shares		Contributed Surplus \$
	Number	Amount \$	
Balance – December 31, 2005	57,872,271	40,619,740	6,308,843
Shares issued:			
- public offering (note 8b)i)	15,000,000	51,851,441	-
- on exercise of options (note 8c))	1,524,944	895,029	(257,745)
- on exercise of warrants (note 8d))	3,962,858	10,084,367	(1,649,653)
Sub-totals	78,360,073	103,450,577	4,401,445
Other, not affecting number of shares outstanding:			
- amortization of options granted (note 8c))	-	-	703,165
Balance – December 31, 2006	78,360,073	103,450,577	5,104,610
Shares issued:			
- on exercise of options (note 8c))	826,312	1,191,501	(420,259)
- on exercise of warrants (note 8d))	3,934,900	10,993,870	(1,983,190)
Sub-totals	83,121,285	115,635,948	2,701,161
Other, not affecting number of shares outstanding:			
- amortization of options granted (note 8c))	-	-	2,168,694
Balance – December 31, 2007	83,121,285	115,635,948	4,869,855

- i) On September 26, 2006, the Company completed a public offering and issued 15,000,000 common shares at a price of Cdn\$4.10 per common share, for total cash proceeds of Cdn\$61,500,000. After deducting offering costs and converting to U.S. dollars, net cash proceeds totaled \$51,851,441. All common shares issued pursuant to this public offering were qualified for trading under a short form prospectus, dated September 18, 2006.

c) Share options

The Company adopted a new stock-based compensation plan on June 21, 2005 (the 2005 Plan). This plan was amended on May 31, 2007 (the Amended Plan). The Amended Plan has a term of 10 years and provides for the granting of up to 7,618,900 share options to directors, officers, employees and consultants of the Company. At the time the 2005 Plan was adopted, the predecessor stock-based compensation plan (the Predecessor Plan) had 3,902,166 share options outstanding. Those share options remained outstanding

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(expressed in U.S. dollars, unless otherwise stated)

and continue to be subject to the terms of the Predecessor Plan; however, no further options may be issued under the Predecessor Plan. Share options are non-transferable and are granted for a term set at the discretion of the Board of Directors, not to exceed five years. Both plans are administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved for optioning to each individual and the vesting period. The following table summarizes activity for the years ended December 31:

	2007		2006	
	Options to acquire shares	Weighted average exercise price \$	Options to acquire shares	Weighted average exercise price \$
Outstanding - Beginning of year	3,261,474	1.55	4,078,823	0.83
Granted	1,434,000	5.27	738,993	3.55
Cancelled	(104,507)	3.63	(31,398)	1.72
Exercised (note 8b))	(826,312)	0.93	(1,524,944)	0.41
Outstanding - End of year	3,764,655	3.35	3,261,474	1.55
Exercisable – End of year	2,376,097	2.61	2,401,942	1.33

As at December 31, 2007, the Company had share options outstanding and expiring as follows:

Expiring during the year	Outstanding		Exercisable	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
2008	150,000	0.20	75,000	0.20
2009	802,500	1.30	802,500	1.30
2010	732,291	1.56	636,738	1.52
2011	721,864	4.14	411,859	4.21
2012	1,358,000	5.49	450,000	5.42
	3,764,655	3.35	2,376,097	2.61

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(expressed in U.S. dollars, unless otherwise stated)

The following table summarizes the number of options and expiration dates for each exercise price as at December 31, 2007:

Exercise Price	Outstanding Options	Exercisable Options	Expiration Date
\$0.15	100,000	100,000	September 15, 2009
\$0.20	150,000	75,000	March 1, 2010
\$0.21	50,000	50,000	August 15, 2010
\$1.25	200,000	200,000	January 15, 2009
\$1.45	150,000	150,000	January 6, 2009
\$1.66	82,500	82,500	April 12, 2009
Cdn\$1.22	200,000	200,000	April 18, 2010
Cdn\$1.45	15,000	6,667	February 2, 2010
Cdn\$1.51	70,000	70,000	December 21, 2009
Cdn\$1.54	200,000	200,000	December 16, 2009
Cdn\$1.81	467,291	380,071	December 15, 2010
Cdn\$3.34	7,500	7,500	March 15, 2011
Cdn\$3.70	235,000	78,335	May 31, 2011
Cdn\$4.25	479,364	326,024	December 18, 2011
Cdn\$4.50	36,000	-	December 4, 2012
Cdn\$4.97	324,000	-	December 26, 2012
Cdn\$5.10	350,000	350,000	December 17, 2012
Cdn\$5.20	150,000	-	January 25, 2012
Cdn\$5.45	30,000	-	April 27, 2012
Cdn\$5.45	18,000	-	May 2, 2012
Cdn\$5.66	25,000	-	October 1, 2012
Cdn\$5.67	150,000	50,000	March 22, 2012
Cdn\$5.89	50,000	-	May 31, 2012
Cdn\$6.18	75,000	-	October 19, 2012
Cdn\$6.44	150,000	50,000	October 16, 2012
	<u>3,764,655</u>	<u>2,376,097</u>	

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December 31, 2007 and 2006

(expressed in U.S. dollars, unless otherwise stated)

The following table summarizes the information and assumptions used to determine stock-based employee compensation costs:

For the year ended December 31, 2007:

Grant Date	Exercise Price	Options Granted	Term	Volatility	Dividend Yield	Risk Free Interest %	Valuation Amount \$
January 12, 2007	Cdn\$4.12	50,000	4 Years	61%	0.0%	4.76%	89,000
January 25, 2007	Cdn\$5.20	150,000	4 Years	61%	0.0%	4.85%	337,000
March 23, 2007	Cdn\$5.67	150,000	4 Years	60%	0.0%	4.51%	365,000
April 27, 2007	Cdn\$5.45	51,000	4 Years	59%	0.0%	4.59%	126,000
May 2, 2007	Cdn\$5.45	18,000	4 Years	60%	0.0%	4.55%	44,000
May 31, 2007	Cdn\$5.89	55,000	4 Years	60%	0.0%	4.86%	152,000
October 1, 2007	Cdn\$5.66	25,000	4 Years	59%	0.0%	4.18%	70,000
October 16, 2007	Cdn\$6.44	150,000	4 Years	58%	0.0%	4.38%	486,000
October 19, 2007	Cdn\$6.18	75,000	4 Years	58%	0.0%	4.20%	232,000
December 4, 2007	Cdn\$4.50	36,000	4 Years	58%	0.0%	3.62%	78,000
December 17, 2007	Cdn\$5.10	350,000	4 Years	58%	0.0%	3.92%	848,000
December 26, 2007	Cdn\$4.97	324,000	4 Years	58%	0.0%	3.96%	789,000
							<u>3,616,000</u>

For the year ended December 31, 2006:

Grant Date	Exercise Price	Options Granted	Term	Volatility	Dividend Yield	Risk Free Interest %	Valuation Amount \$
March 15, 2006	Cdn\$3.34	17,500	5 Years	64%	0.0%	4.69%	29,000
May 31, 2006	Cdn\$3.70	235,000	4 Years	69%	0.0%	5.04%	439,000
December 18, 2006	Cdn\$4.25	486,493	4 Years	64%	0.0%	4.57%	938,000
							<u>1,406,000</u>

Stock-based compensation charged to expense amounted to \$2,168,694 (2006 – \$703,165) and the unvested unamortized fair value of options granted at December 31, 2007 amounted to \$1,935,693 (2006 – \$702,835).

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(expressed in U.S. dollars, unless otherwise stated)

d) Warrants

The fair value of warrants is allocated to contributed surplus upon issuance. When warrants are exercised, the corresponding fair value is reclassified to share capital.

	Warrants	Amount
		\$
Balance – December 31, 2005	8,269,158	3,781,280
Warrants		
Issued	-	-
Exercised	(3,962,858)	(1,649,653)
Expired (note 8d)i)	(371,400)	(148,437)
	<hr/>	<hr/>
Balance – December 31, 2006	3,934,900	1,983,190
Warrants		
Issued	-	-
Exercised (note 8d)ii)	(3,934,900)	(1,983,190)
Expired	-	-
	<hr/>	<hr/>
Balance – December 31, 2007	<hr/>	<hr/>

- i) A total of 371,400 warrants expired on December 18, 2006. These warrants had a strike price of Cdn\$2.50.
- ii) Cash proceeds on exercise of warrants totalled \$9,010,680.

9 Related party transactions

The Company received legal services, use of office space and other miscellaneous services from certain of its directors, officers and entities controlled by directors. Cash payments and accruals for such services were \$962,886 for the year ended December 31, 2007 (2006 - \$624,409).

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Notes to Consolidated Financial Statements

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(expressed in U.S. dollars, unless otherwise stated)

10 Income taxes

The Company's income tax provision (recovery) has been calculated as follows:

	2007	2006
	\$	\$
Net loss for the year	(19,627,686)	(7,963,488)
Income tax recovery at Canadian federal and provincial statutory rates	7,285,797	2,956,045
Effect of income tax rates of other jurisdictions compared to Canadian rates	(1,752,566)	(843,224)
Unrecognized benefit of income tax assets	(1,157,441)	(1,564,937)
Stock-based compensation	(805,019)	(261,015)
Foreign currency valuations	(1,667,232)	-
Convertible debenture accretion	(1,246,875)	-
Taxable deemed interest	(601,030)	(230,455)
Other	(55,634)	(56,414)
Provision for (recovery of) income taxes	-	-

The Company's future income tax assets as at December 31, 2007 and 2006 are summarized as follows:

	2007	2006
	\$	\$
Exploration and development expenditures	5,461,000	4,661,000
Losses carried forward	2,096,000	2,048,000
Financing costs	2,141,000	1,276,000
Other	23,000	23,000
Net future income tax asset	9,726,000	8,008,000
Valuation allowance	(9,726,000)	(8,008,000)
Net future income tax asset recorded	-	-

The Company has recorded a valuation allowance in the amount of \$9,726,000 as at December 31, 2007 (2006 - \$8,008,000) because management believes that the future income tax assets are not more likely than not to be realized in the carry-forward period.

In Canada, the Company has available loss carry-forwards for tax purposes of approximately \$443,000 which may be used to reduce future taxable income. These losses expire in 2026.

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(expressed in U.S. dollars, unless otherwise stated)

In Turkey, the Company has available loss carry-forwards for tax purposes of approximately \$4,348,000, which may be used to reduce future taxable income. These losses expire in 2008 through 2013. These losses have not yet been agreed with the Turkish tax authorities.

In the United States, the Company has available loss carry-forwards for tax purposes of approximately \$3,004,000, which may be used to reduce future taxable income. These losses expire in 2027.

11 Commitments and contingencies

a) Share bonus plan

On April 27, 1999, the Board of Directors adopted the Share Bonus Plan (the Plan), which was confirmed by the shareholders of the Company at the Annual and Special General Meeting held on June 15, 1999. The Plan was subsequently amended at the Annual and Special General Meeting held June 21, 2005 (the Amended Plan). Under the Amended Plan, 900,000 common shares of the Company are reserved for issuance pursuant to the Plan, of which 380,935 have been issued as at December 31, 2007.

b) Mineral property licenses

Under the provisions of Turkish mining law, all mining licences are granted upon settlement of duties and levies. Furthermore, exploration licenses are granted for three eight-month periods and for preparation for one six-month period. The Turkish Mining Law was amended during 2005 whereby exploration licenses are now granted for three years and can be extended for an additional two years, upon application. Furthermore, pre-operation licenses are no longer granted and any outstanding pre-operation licenses shall be treated as exploration licenses until expiration. Exploration license holders are required to submit reports on exploration at the end of the second, third and fifth years of the exploration period. Operation license holders are required to submit annual reports on operation projects to the relevant governmental departments.

To obtain the appropriate licences, deposits must be made based on a per hectare fee. The applicable deposits are proportional to the size of the mining area and are determined each year or re-valued according to prevailing economic conditions. In the event the required reports and projects are not submitted on time, deposits for that period are forfeited. If a site is abandoned, the remaining part of the deposit is returned.

c) Property commitments

i) Kabataş

Kabataş is subject to a 1% Net Smelter Royalty (NSR), payable once production commences.

ii) Kirinti-Gümuşhane

This property requires annual lease payments and is subject to an NSR. The lease payment is \$10,000 annually and may be applied against the NSR payments. An NSR of 1.50% applies until the aggregate of the lease and NSR payments equal \$1,500,000. Thereafter, no further lease payments or NSR payments are required.

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December 31, 2007 and 2006

(expressed in U.S. dollars, unless otherwise stated)

iii) Balı̇seyh Mo

This property requires annual lease payments and is subject to an NSR. The lease payment is \$10,000 annually. An NSR of 2% applies until the aggregate of the lease and NSR payments equal \$1,000,000. Thereafter no further lease payments or NSR payments are required.

d) **Construction commitments**

At December 31, 2007, the Company had remaining commitments expected to be paid in 2008 or after of \$28,400,000 on purchase obligations totalling \$31,100,000 relating to equipment, engineering and construction at the Çöpler Project. In addition, the Company had remaining lease commitments at December 31, 2007 on office and other related building space totalling \$207,000 which expire over the next three years.

12 Restricted Cash

During the second quarter of 2007, the Company issued various letters of credit to a vendor in connection with the acquisition of certain equipment for Çöpler. To secure the letters of credit, the Company maintains an interest-bearing restricted bank account. The balance in this account as of December 31, 2007 was \$4,855,633, and funds will be released on May 7, 2008.

13 Supplemental cash flow information

During the year ended December 31, 2007, the Company paid \$2,523,477 for interest (2006 - \$nil), and \$nil for income taxes (2006 - \$nil).

Net change in non-cash working capital included:

	2007	2006	From May 27 1996 (inception) to December 31 2007
	\$	\$	\$
(Increase) in prepaid expenses and sundry assets	314,873	(1,533,809)	(1,554,707)
(Increase) decrease in exploration expenditures receivable	(186,408)	470,013	(589,915)
(Increase) in other assets	(784,140)	(324,928)	(1,252,603)
Increase in accounts payable and accrued liabilities	2,393,185	711,080	4,202,127
Increase in interest payable	807,022	-	807,022
Increase (decrease) in exploration expenditures payable	170,528	(12,517)	171,686
Increase(decrease) in withholding taxes payable	91,686	66,139	232,584
	<u>2,806,746</u>	<u>(624,022)</u>	<u>2,016,194</u>

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14 Loss per share

The effect of options and warrants is not included in computing the diluted per share amounts since, in the context of reported losses for the year, such effect would be anti-dilutive.

15 Comparative data

Certain of the prior year's comparative numbers have been reclassified to reflect current year's financial statement presentation.



Minerals Development Limited

Management Discussion and Analysis

For the Year Ending December 31, 2007

(All amounts are expressed in United States dollars, unless otherwise stated)

March 28, 2008

This management, discussion and analysis ("MD&A") includes a review of the activities, results of operations and financial condition of Anatolia Minerals Development Limited and its subsidiaries (the "Corporation" or "Anatolia") for the year ended December 31, 2007, with comparisons to the year ended December 31, 2006. This MD&A is presented as of March 28, 2008 and should be read in conjunction with the Corporation's audited consolidated financial statements for the years ended December 31, 2007 and 2006 and the notes thereto (the "consolidated financial statements"). Anatolia's consolidated financial statements and the financial data set out below were prepared in accordance with Canadian generally accepted accounting principles. All amounts in this report are in United States dollars, except where otherwise indicated. Additional information relating to Anatolia, including the Corporation's most recent annual information form, is available on SEDAR at www.sedar.com.

Cautionary Statements

Except for statements of historical fact relating to Anatolia, certain statements contained in this MD&A constitute forward-looking information, future oriented financial information, or financial outlooks (collectively "forward-looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in Anatolia's public filings, Anatolia's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts and include, but are not limited in any manner to, those with respect to commodity prices, mineral resources, mineral reserves, realization of mineral reserves, existence or realization of mineral resource estimates, the timing and amount of future production, the timing of construction of the proposed mine and process facilities, capital and operating expenditures, the timing of receipt of permits and authorizations, and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, to those disclosed in any other Anatolia public filings, and include the ultimate determination of mineral reserves, availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop and operate the proposed mine, access to adequate services and supplies, commodity prices, foreign currency exchange rates, interest rates, access to capital markets and associated cost of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favorable terms. While Anatolia considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the Corporation's Annual Information Form dated March 28, 2008 for the year ended December 31, 2007) and in other Anatolia public filings (which are available at www.sedar.com). Other than as required by law, Anatolia does not intend, and undertakes no obligation to update any forward looking information to reflect, among other things, new information or futures events.

Anatolia Minerals Development Limited

Management Discussion and Analysis

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(All amounts are expressed in United States dollars, unless otherwise stated)

All references to mineral reserves and resources contained in this MD&A and other public disclosure documents of Anatolia are determined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects (“NI 43-101”) of the Canadian Securities Administrators (“CSA”) and Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) standards. While terms associated with various categories of “reserve” or “resource” are recognized and required by Canadian regulations, they may not have equivalent meanings in other jurisdictions outside Canada and no comparison should be made or inferred. Actual recoveries of mineral products may differ from mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, “inferred” and “indicated” mineral resources have a great amount of uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or any part of an “inferred” or “indicated” mineral resource will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves.

Company Overview

Anatolia is a publicly traded company on the Toronto Stock Exchange (“TSX”). The Corporation’s trading symbols on the TSX for its common shares and convertible debentures are ANO and ANO.DB, respectively.

The Corporation presently focuses exclusively on mineral resource opportunities in Turkey where it controls approximately 445,000 hectares of mineral resource licenses. Gold, silver, copper and other base metals are of primary interest. Anatolia’s business strategy includes continually improving its position as a leader among mineral resource companies in Turkey by advancing established mineral reserves and resources toward production and seeking to identify additional mineral deposits through exploration. The Corporation seeks to ultimately participate in cash flows from mining operations and continually expand reserves and production potential.

Anatolia owns 100% of the Çöpler Gold Project, located in the Erzincan Province of east-central Turkey. The Corporation’s interest in Çöpler includes 16,474 hectares, including the Çöpler licenses associated with presently known reserves and resources and a surrounding footprint of prospective but substantially unexplored targets. Anatolia is presently completing permitting, engineering and procurement activities for the initial production phase, designed to recover approximately 1.8 million ounces of gold over a 10 year period from oxides ores. Anatolia is also studying development potential for a second phase from Çöpler’s sulfide resources and continues exploring additional targets at Çöpler and in the Çöpler footprint.

In addition to the Çöpler programs, Anatolia continues to pursue its strategy for growth through resource discovery. The Corporation’s exploration portfolio includes 28 prospects aggregating approximately 429,000 hectares. An ongoing grassroots program focuses on new prospect generation. Exploration prospects may be explored directly by the Corporation or through property option arrangements whereby an optionee funds exploration costs in exchange for an option to earn an interest in the prospect.

Anatolia Minerals Development Limited

Management Discussion and Analysis

For the Year Ending December 31, 2007

(All amounts are expressed in United States dollars, unless otherwise stated)

The Corporation's development and exploration programs are discussed in greater detail below:

Çöpler Gold Project

The Çöpler Gold Project is Anatolia's most advanced project and its first discovery to move toward construction of a large-scale mining operation. Çöpler is located in the central part of eastern Turkey, roughly 550 km east of Ankara and 120 km southwest of the city of Erzincan. The property is assessable by asphalt road or rail. The nearest population center is Ilic (population 2,500), which is 6 kilometers northeast of the Çöpler deposits. The town of Kemaliye (3,000 population) is located about 40 km to the south of Çöpler and Divrigi, an iron mining area, is about 40 km west of Çöpler. A more complete description of Çöpler is provided in the Corporation's Annual Information Form as of December 31, 2007, available on SEDAR at www.sedar.com.

Anatolia completed a feasibility study for its 100%-owned Çöpler Gold Project in April 2006. Anatolia is presently developing the existing near-surface oxide resource, which was the subject of the feasibility study. After achieving initial production and cash flows from the oxides, Anatolia plans to consider opportunities to expand production and extend reserves, which may be from oxides, sulfides or both. Drilling and other testing of the sulfides continued throughout much of 2007 and culminated with a preliminary assessment being completed in December 2007. The sulfides will require bulk metallurgical testing prior to advancing a feasibility study. Anatolia has additional drilling targets within the Çöpler Valley and the surrounding Çöpler footprint that it intends to pursue in future periods.

In January 2007, Anatolia announced an update to the mining plan and mineral resource estimate and made a formal decision to begin development. The work program executed during the year ended December 31, 2007 focused on detailed engineering, procurement of equipment and services, permitting, adding mine personnel, drilling and other activities in preparation for construction. Total development expenditures were \$19.2 million during 2007.

Construction activities are anticipated to begin shortly after receiving approval of the project's environmental impact assessment (EIA) and the issuance of other licenses. Construction is anticipated to require approximately 18 months. As originally disclosed in the feasibility study for the Çöpler Gold Project dated June 1, 2006, capital costs were estimated at US\$125.7 million. Management is currently in the process of reassessing such capital costs and has disclosed that the original estimate may increase by as much as 60-80%.

Exploration

Anatolia has been active as a minerals exploration company in Turkey since 1996 and continues to pursue new resource discoveries as a key element of its growth strategy. Since inception, the Corporation has expended \$64.9 million on its exploration programs, with \$28.7 million having been funded by third parties under various earn-in agreements.

Many of the Corporation's prospects were initially identified through a strategic alliance agreement with Rio Tinto Mining and Exploration ("Rio Tinto") from 2000 through 2007. With the exception of one prospect, the Rio Tinto strategic alliance expired in accordance with its terms and Anatolia can now explore the remaining prospects without obligation to Rio Tinto. These and other prospects are viewed by the Corporation as high priority targets. The Corporation's initial exploration objective is to

Anatolia Minerals Development Limited

Management Discussion and Analysis

For the Year Ending December 31, 2007

(All amounts are expressed in United States dollars, unless otherwise stated)

upgrade its prospects to the drill-ready stage. At that point, the Corporation may either drill the prospect on its own or seek a partner. Portfolio prospects failing to meet Anatolia's criteria, which is generally a minimum of \$1 billion of "in the ground" value, are dropped in favour of new opportunities identified through a continuous grassroots campaign. This strategy allows the Corporation the opportunity to maintain very low assessment costs and continually upgrade its portfolio.

The Corporation's exploration portfolio includes 28 prospects aggregating approximately 429,000 hectares. These prospects are explored either directly by Anatolia for its sole benefit or in connection with various third party optionees. To complete earn in, optionees are generally required to make periodic payments to Anatolia, fund exploration costs to specified amounts and produce a technical report within either five or six years. The following is an overview of the Corporation's prospect under option:

Property	Primary Mineralization	Partner	Earn-In %
Tunceli	Cu / Au	Rio Tinto	67%
Yenipazar	Au / Ag / Cu / Pb / Zn	Aldridge Minerals	100% ¹
Tufanbeyli	Zn	Silvermet Corporation	65% ²
Ikiztepe/Sarp	Cu / Mo / Au	Cloudbreak Resources	65%
Karagoz	Au / Sb	Valhalla Resources	65%
Bursa	Cu / Mo / Au	Empire	65%

¹ In July 2006, Anatolia agreed to amend the agreement to allow Aldridge Minerals to earn a 100% interest. Anatolia will receive a 6% net proceeds interest in production totalling \$165 million. Thereafter, the Anatolia net proceeds interest will increase to 10%. Anatolia also received 250,000 common shares of Aldridge Minerals, valued at \$435,000 at the date of the amendment.

² Silvermet Corporation has the option to earn an additional 5% interest by delivering a feasibility study in lieu of a pre-feasibility study within the term of the option period.

Overall Performance

The Corporation began development activities during 2007 for its 100%-owned Çöpler Gold Project and continued exploration at Çöpler and other prospects.

Development activities related primarily to detailed engineering, procurement, development drilling and permitting. Aggregate expenditures for these activities totalled \$20.8 million during 2007 (2006 – \$1.6 million).

Exploration at Çöpler included an extensive drilling program. A total of 33,217 meters were drilled during 2007. Of this program, approximately 20,000 meters were exploration drilling with the balance being development drilling. Outside Çöpler, Anatolia and its property optionees drilled an additional 4 projects. Total exploration expenditures were \$11.3 million for the year ended December 31, 2007 (2006 – \$10.3 million).

Anatolia Minerals Development Limited

Management Discussion and Analysis

For the Year Ending December 31, 2007

(All amounts are expressed in United States dollars, unless otherwise stated)

Inflation in Turkey remained in reasonable check, with the consumer price index decreasing to 8.4% for the 12 month period ended December 31, 2007 (2006– 9.7%).

Foreign exchange rates relative to the United States dollar were:

	December 31 2007	As At December 31 2006	December 31 2005
	\$	\$	\$
Canadian dollar (Cdn\$)	0.98	1.17	1.17
New Turkish lira (TRY)	1.18	1.43	1.35

The Corporation maintains the majority of its cash and cash equivalents in United States dollars and Canadian dollars. Anatolia settled its Canadian dollar transactions using available Canadian dollar funds; therefore, no foreign currency transaction losses were realized in 2007. The Canadian dollar portion of the foreign currency loss reflected in the Corporations consolidated financial statements resulted primarily from Canadian dollar denominated debt as discussed below under, *Results of Operations*. Anatolia held lesser amounts of TRY during 2007. The Corporation generally funded its TRY requirements by converting United States dollars to TRY at various dates during 2007. The declining strength of the United States dollar adversely affected the Corporations cash flow during 2007.

The gold price per ounce increased from \$636 at December 29, 2006 to \$837 at December 31, 2007. Average gold and silver prices per ounce (London PM Fix) were:

	For the years ended		
	December 31 2007	December 31 2006	December 31 2005
	\$	\$	\$
Gold	696.40	603.96	444.00
Silver	13.38	11.55	7.30

The following table summarizes key elements of the Corporation's financial position as of December 31, 2007, 2006 and 2005.

	December 31 2007	December 31 2006	December 31 2005
	\$	\$	\$
Cash and cash equivalents	133,713,274	65,873,180	14,531,464
Restricted cash	4,855,633	-	-
Working capital (current assets – current liabilities)	135,300,111	66,195,270	14,554,460
Total assets	164,534,649	71,139,846	16,689,257
Total long-term financial liabilities	69,135,338	142,168	119,397
Net assets (total assets – total liabilities)	89,985,892	69,046,680	15,383,564

The increase in cash, working capital, total assets, and net assets relates to the cash proceeds from the issuance of convertible debentures of \$85.6 million (see 'Capital Resources' below) as well as cash proceeds of \$9.8 million upon exercise of options and warrants and the net changes in other assets and liabilities offset by the Corporation's ongoing expenditures for Çöpler development, prospect exploration

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and corporate administrative expenses. As of December 31, 2007, the Corporation held \$4,855,633 on deposit in an interest bearing restricted bank account, which serves as security for one letter of credit issued to a vendor. This letter of credit expires in May 2008. The increase in total long-term financial liabilities relates to the issuance of the convertible debentures (see 'Capital Resources' below)

The Corporation reported net losses for the years ended December 31, 2007, 2006 and 2005 of \$19,627,686, \$7,963,488, and \$8,654,834, respectively. Analysis of the results of operations is presented below.

Results of Operations

A summary of the Corporation's results of operations for the years ended December 31, 2007, 2006 and 2005 is presented below.

	For the years ended		
	December 31 2007	December 31 2006	December 31 2005
	\$	\$	\$
Expenses			
Exploration and evaluation expenses	11,257,515	10,280,466	10,960,040
Exploration costs reimbursable from strategic alliance partners	(4,050,629)	(4,461,426)	(4,190,103)
Corporate administration	6,164,802	3,043,508	1,403,473
Foreign exchange loss	4,430,996	270,796	66,263
Interest accretion on convertible debentures	3,359,039	-	-
Interest expense on convertible debentures	3,163,477	-	-
Stock based compensation	2,168,694	703,165	692,000
Amortization of property, plant and equipment	139,953	47,995	16,617
	26,633,847	9,884,504	8,948,290
Other Revenue			
Interest income and other	7,006,161	1,921,016	293,456
Net loss	<u>(19,627,686)</u>	<u>(7,963,488)</u>	<u>(8,654,834)</u>
Basic and diluted loss per share	<u>(0.24)</u>	<u>(0.12)</u>	<u>(0.17)</u>

The Corporation's net loss increased to \$19.6 million for the year ended December 31, 2007 from \$8.0 million for the prior year. This increase resulted primarily from higher corporate expenses, interest expense associated with convertible debenture, foreign exchange loss and expenses associated with the Corporation's stock option plan, offset by higher interest income and other. The net loss for 2006 of \$8.0 million declined from \$8.7 million for the year ended December 31, 2005. This decline reflects an increase in interest income and other, offset by higher corporate expenses. A detailed analysis of these year-over-year variances is provided below.

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Exploration and evaluation expenses, offset by exploration costs reimbursable from strategic alliance partners are detailed below for the years ended December 31, 2007, 2006 and 2005:

	For the years ended		
	December 31 2007	December 31 2006	December 31 2005
	\$	\$	\$
Çöpler	6,210,623	5,604,130	5,949,595
Rio Tinto Projects			
Tunceli	448,029	636,679	1,668,875
Torul	734,832	-	-
Bayburt	76,697	-	-
Bursa and other	444,642	1,293,351	1,227,235
Grassroots	-	453,005	487,922
Other Strategic Partner Projects			
Tufanbeyli	1,240,575	955,302	173,925
Sarp-Ikiztepe	814,483	324,359	-
Bursa	25,678	-	-
Karagoz	113,280	177,763	143,149
Other	1,148,676	835,877	1,309,339
Exploration and evaluation expenses	11,257,515	10,280,466	10,960,040
Reimbursable expenses and other receipts	(4,050,629)	(4,461,426)	(4,190,103)
	7,206,886	5,819,040	6,769,937

Corporate administration expense is comprised of the following components:

	For the years ended		
	December 31 2007	December 31 2006	December 31 2005
	\$	\$	\$
Board expenses	219,504	137,986	108,939
Consulting	629,461	135,716	6,350
Financing fees	970,125	565,456	-
Investor relations	223,238	263,540	195,462
Legal and accounting	977,352	504,698	235,570
Salaries and benefits	1,790,944	799,132	511,447
Executive separation	402,109	-	-
Travel	478,031	313,154	157,141
Other	474,038	323,826	188,564
Total corporate administration	6,164,802	3,043,508	1,403,473

Board expenses increased in 2007 versus 2006 as the result of a mid-year increase in Board compensation, coupled with the implementation of new board committees, addition of a sixth member and overall increased oversight as the Corporation initiated Çöpler development. Board expenses increased in 2006 versus 2005 because the board of directors was more active as the Corporation completed the Çöpler feasibility study and began advancing toward a production decision.

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Consulting expenses increased in 2007 versus 2006 due to the implementation and maintenance of a new accounting and reporting system, as well as fees associated with the search for a replacement Chief Executive Officer, increased management and accounting support requirements and corporate governance programs. Consulting expense increased in 2006 versus 2005 because several new, significant projects were initiated in 2006. Specifically, Anatolia engaged consultants to assist with compliance with Multilateral Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*. Additionally, consultants were engaged to evaluate human resource policies and compensation, and evaluate various accounting/operations software alternatives.

Financing fees are associated with senior debt facility negotiations which occurred throughout 2007. The 2006 amount includes the earned portion of the underwriting fee for this senior debt facility as of December 31, 2006, a documentation fee and miscellaneous other expenses incurred by the mandated lead arranging bank.

Investor relations expense decreased in 2007 as the Corporation reduced advertising and outside consulting expenses. Greater emphasis was placed on direct contact with the Corporation's investor base; this caused increased travel expenses as noted below. Investor relations expense increased in 2006 because the Corporation's shareholder base increased and more activities and events were necessary to disseminate information and materials to shareholders and prospective shareholders.

Legal and accounting expenses increased in 2007 due to additional support for senior debt facility negotiations as well as a general increase in corporate matters, and the development of Çöpler. Legal and accounting expenses increased in 2006 versus 2005 because, in part, the Corporation became eligible in 2006 to make distributions of securities pursuant to short form prospectuses. This activity increased legal and accounting requirements for the Corporation.

Salaries and benefits increased because more employees were on staff during 2007. Four additional employees were hired during 2007 to support corporate operations. Additionally, salary increases and bonuses awarded to senior managers and certain other personnel in 2007 account for the balance of the increase. *Salaries and benefits* increased because more employees were on staff during 2006. Two employees were added in 2005; both of whom continued for the full 2006 year. Additionally, salary increases and bonuses awarded to senior managers and certain other personnel in 2006 account for the balance of the increase.

Executive termination represents the accrued amount payable to the former Chief Executive Officer for benefits due under the terms of his separation from the Corporation.

Travel increased year to year as the corporation increased activities relating primarily to investor relations activities and increased travel to Turkey by more corporate personnel. In addition, more consultants were engaged and required travel to Turkey on behalf of the Corporation.

The *foreign exchange loss* incurred during the year ended December 31, 2007 relates primarily to the effect of a strengthening Canadian dollar against the U.S. dollar as applied to the Canadian dollar denominated convertible debentures, issued April 25, 2007 ("Debentures"). Partially offsetting this loss was a foreign exchange gain relating to Canadian dollar denominated cash and cash equivalents. This loss does not affect the Company's current cash flow. A realized gain or loss associated with the Debentures will occur upon repayment. The Debentures are due April 2012.

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Interest accretion on convertible debentures represents non-cash expenses associated with the Debentures. Canadian GAAP requires the Debentures be recorded at a discounted present value, giving effect to the intrinsic value of the convertibility feature. On the date of issuance, the gross proceeds in the amount of Cdn\$100 million was allocated to the relative fair values of the Debentures (\$57.2 million) and the holders' option to convert the principal balance into common shares (\$28.4 million) (the "Conversion Option"). The fair value of the Debentures is classified as a liability, and is accreted to the face value of Cdn\$100 million over the term of the debentures value through a periodic charge to accretion expense.

Interest expense on convertible debentures for 2007 represents interest charges on the aggregate face value of the Debentures at the coupon rate of 4.75% per annum from the date of issuance through December 31, 2007.

Stock based compensation relates to grants of stock options. Stock-based compensation expense in 2007 was \$2,168,694 compared to \$703,165 in 2006. The value of stock-based compensation expense is added to the contributed surplus account within shareholders' equity, resulting in no net effect on total shareholders' equity. Details of the stock options granted are as follows:

	For the years ended		
	December 31 2007	December 31 2006	December 31 2005
	\$	\$	\$
Number of stock options granted	1,434,000	738,933	761,657
Average exercise price of options granted	5.27	3.55	1.41
Value of stock based compensation (as determined by Black Scholes option pricing model)	3,616,000	1,406,000	692,000

Expense recognition occurs over the vesting period of these options and others granted in prior years. Amounts previously expensed related to forfeited options are recaptured in the period when the options are forfeited.

At December 31, 2007, the unvested unamortized balance associated with stock options granted amounted to \$1,935,693 (December 31, 2006 – \$702,835). This balance will be charged to expense as these stock options vest over a period up to approximately the next three years. Stock based compensation for generally accepted accounting principles is a non-cash expense. In granting stock options, management considers the potential future dilutive effect, which is affected by the number of stock options and the exercise price (the quoted market price of the Corporation's common shares at the time of grant).

Interest income and other increased substantially during the year ended December 31, 2007 when compared to the two prior years. Interest income is predominantly earned on the Corporation's cash and cash equivalents and restricted cash, which are invested in short-term investment grade securities, government securities and money market accounts. In September 2006, Anatolia completed a Cdn\$61,500,000 financing. After deducting offering costs and converting to U.S. Dollars, net cash proceeds totalled \$51,851,441. In April 2007, the Corporation closed the Debenture offering (see 'Capital Resources' below). After deducting underwriting fees and external transaction costs and converting to United States Dollars, net cash proceeds totalled \$85.6 million. These transactions resulted in overall higher average cash balances in 2007 when compared to the respective previous periods. Offsetting the

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effect of higher average cash balances was a decline in yields, in particular for high quality investments. Yields for high-quality investments declined after mid-August 2007. This resulted from adverse market conditions that created restricted liquidity conditions for certain types of commercial paper securities of some North American and European issuers. While the Corporation did not hold any such adversely affected investments, management anticipates that greater demand for high quality investments will limit availability of acceptable investment grade investments and suppress yields. This trend may continue for or worsen in the foreseeable future, possibly resulting in lower interest income because of lower yields and cash balances.

Use of Proceeds

As of December 31, 2007, the Corporation's cash and cash equivalents balance of \$133,713,274 and restricted cash balance of \$4,855,633 resulted primarily from net proceeds received from the issuance of convertible debentures in April 2007, a public offering in September 2006 and a private placement in November 2005. Management is adhering to the stated use of proceeds as noted below.

Closing Date	Net Proceeds	Use of proceeds
November 3, 2005	\$11.8 million	Fund the final feasibility study and initial development capital expenditures for the Çöpler Gold Project in Turkey as well as general working capital purposes.
September 26, 2006	\$51.9 million	Development of the Çöpler Project, working capital and general corporate purposes.
April 25, 2007	\$85.6 million	Development of the Çöpler Project, working capital and general corporate purposes.

Summary of Quarterly Results (unaudited)

The following table summarizes the Corporation's net loss and net loss per share for each of the preceding eight quarterly periods ended December 31, 2007.

	2007 4Q	2007 3Q	2007 2Q	2007 1Q	2006 4Q	2006 3Q	2006 2Q	2006 1Q
Net loss (000s)	(6,460)	\$(5,792)	\$(4,640)	\$(2,736)	\$(2,046)	\$(1,659)	\$(2,650)	\$(1,609)
Net loss per share— basic and diluted	\$ (0.08)	\$ (0.07)	\$ (0.06)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.05)	\$ (0.03)

Generally, the Corporation does not experience the effects of seasonality with regard to the revenues or expenses included in net loss. Expenses relate primarily to exploration and evaluation activities, corporate administration, foreign exchange gain/loss and non-cash stock and options compensation expenses. The most significant quarterly fluctuation in net loss may occur during winter months if exploration activities are curtailed by weather conditions.

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Liquidity

The Corporation's working capital was:

	December 31 2007	December 31 2006
	\$	\$
Current Assets	140,713,530	68,146,268
Current Liabilities	(5,413,419)	(1,950,998)
Working Capital	<u>135,300,111</u>	<u>66,195,270</u>

Working capital increased as discussed above under the caption, *Overall Performance*. The Corporation anticipates current working capital is sufficient to initiate construction of the Çöpler Gold Project and maintain exploration and other corporate activities until additional working capital is attained. Additional working capital will be needed to fully fund Çöpler development, continued exploration activities and other anticipated spending requirements prior to achieving positive cash flow from operations and to establish a working capital reserve. Anticipated expenditures include corporate administrative costs, ongoing exploration programs and debt service associated with the Debentures. The Corporation is presently in negotiations to arrange a senior project debt facility for Çöpler. Additional working capital may be necessary and is subject to periodic review by management. Refer to *Capital Resources* for a discussion of the Debentures and other potential financing sources.

Capital Resources

On April 25, 2007, the Corporation closed a C\$100 million convertible debenture (the "Debentures") public offering. After deducting underwriting expenses and external transaction costs, net proceeds were C\$96.1 million. The Debentures are senior, unsecured obligations of Anatolia, carry a coupon of 4.75% per annum payable semi-annually and are convertible into Anatolia shares at C\$8.00 per share. Net proceeds of the offering will be used to fund development of the Çöpler Project, working capital and general corporate purposes.

Prior to completing the Debentures public offering and the inflow of additional cash upon exercise of warrants, the Corporation was advancing under a mandate letter and term sheet with UniCredit Group acting through Bayerische Hypo- und Vereinsbank AG ("HVB") for senior project financing at Çöpler. The HVB debt facilities contemplated a \$105 million senior debt tranche and a \$10 million cost overrun facility. The mandate letter and term sheet expired on March 31, 2007. Following the Corporation's successful raising of Cdn\$100 million through the issuance of convertible debentures, the Corporation and HVB entered into a new mandate letter for a \$50 million senior debt facility. The Corporation is presently negotiating terms of this facility. Until final terms are agreed and the Corporation is capable of satisfying and maintaining all conditions precedent to draw down of loan proceeds, no assurance can be given that any portion of the \$50 million senior debt facility will be available. The Corporation continues to assess the availability of potential additional working capital funds, including funding from equity issuance, increasing the senior debt facility and other sources.

At December 31, 2007, the Company had remaining commitments expected to be paid in 2008 or after of \$28,400,000 on purchase obligations totalling \$31,100,000 relating to equipment, engineering and construction at the Çöpler Project. In addition, the Company had remaining lease commitments at December 31, 2007 on office and other related building space totalling \$207,000 which expire over the

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next three years. Management expects these commitments to be funded from present working capital or future potential sources of working capital as discussed above in this section.

Transactions with Related Parties

During the years ended December 31, 2007 and 2006, the Corporation leased office space in the United States and received miscellaneous other services from an entity owned solely by the Corporation's president, Richard C. Moores. A director of the corporation is also a partner with a firm that provides legal services to the Corporation.

The following table summaries transactions with related parties for the years ended December 31, 2007, 2006 and 2005:

	For the years ended		
	December 31	December 31	December 31
	2007	2006	2005
	\$	\$	\$
Rent and miscellaneous expenses	16,850	16,800	16,800
Legal services	946,036	607,609	248,645
	<u>962,886</u>	<u>624,409</u>	<u>265,445</u>

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to numerous judgments and uncertainties inherent in the financial reporting process.

Issuances and grants of warrants and stock options are valued using the fair value method. Management uses the Black-Scholes valuation model to estimate fair value of warrants and stock options. Fair value is determined at the date of issuance and grant. Issuances of warrants do not affect net loss because such transactions result in a re-allocation of total share capital. However, grants of stock options result in non-cash charges to expense and a corresponding credit to contributed capital. The expense associated with granted stock options is charged to expense over the vesting period of the stock options.

Significant assumptions affecting valuation of warrants and options include the trading value of the Corporation's stock at the date of grant, the exercise price, the term allowed for exercise, a volatility factor relating to the Corporation's historical stock price, dividend yield and the risk-free interest rate.

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Financial Instruments and Other Instruments

The Corporation's financial instruments consist primarily of assets and liabilities including cash and cash equivalents, receivables, payables and accrued liabilities and the liability portion of a convertible debenture. Certain of these financial instruments are denominated in Canadian dollars and Turkish Lira. All accounts are recorded at cost in United States dollars, which approximates fair value, except for the convertible debenture, which approximates its accreted value at each reporting period in United States dollars. The Company is exposed to financial gain or loss as a result of foreign exchange movements against the United States dollar. The Corporation does not engage in hedging or speculative activities. The Corporation holds United States and Canadian dollars in sufficient amounts to meet its estimated expenditures requirements. Conversion of United States or Canadian dollars will be required to meet future expenditures to be payable in Turkish Lira, and therefore, the Corporation remains exposed to future currency fluctuations. Anatolia does not hold any other instruments.

The Company's cash and cash equivalents may be invested in short-term liquid deposits or investments which provide a revised rate of interest upon maturity. At December 31, 2007, reported cash and cash equivalents were held in cash in short-term investment grade securities, such as bankers' acceptances, guaranteed investment contracts, corporate commercial paper and U.S. and Canadian treasury bills, and U.S. and Canadian agencies investments.

Changes in Accounting Policies including Initial Adoption

Effective January 1, 2007, the Company adopted the following:

- a) Section 1530 - Comprehensive Income. Section 1530 introduces comprehensive income, which is composed of net income and other comprehensive income (OCI). OCI comprises revenues, expenses, gains and losses that GAAP requires to be included in shareholder's equity but are excluded from the calculation of net income. OCI includes unrealized gains and losses on financial assets classified as available for sale. The Company has included a statement of comprehensive income in the consolidated financial statements which reflects the gains and losses on financial assets available-for-sale. Cumulative changes in OCI are presented in accumulated other comprehensive income (AOCI), which is presented as a new category of shareholder's equity on the consolidated balance sheet.
- b) Section 3855 - Financial Instruments - Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices, with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss in the Consolidated Statement of Shareholders' Equity and Comprehensive Income. As of December 31, 2007, all of the investments have been designated as available for sale.
- c) Transition adjustment to opening balance. The adoption of Sections 1530 and 3855 impacts the opening equity and losses of the Company. The unrealized gain on the available for sale investments from purchase to December 31, 2006 was \$107,263 which is reported as an adjustment to the opening balance of accumulated other comprehensive income. The unrealized

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gain on the available for sale securities for the year ended December 31, 2007 was \$152,612 which is reported in the current period as a net change in unrealized gains on available for sale securities net of taxes in the Statement of Comprehensive Income.

- d) Accounting Changes. In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

Recent Accounting Pronouncements

The CICA has issued three new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements, if applicable, commencing in the quarter ended March 31, 2008 and is considering the impact this will have on the Company's financial statements:

- a) Section 1535, Capital disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital.
- b) Section 3031, Inventories, provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.
- c) Section 3862, Financial instruments – disclosures, requires entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company's financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company will be required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments.

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, if applicable, commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the Company's financial statements:

- a) 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

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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.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for the design and effectiveness of disclosure controls and procedures (“DC&P”) and the design of internal control over financial reporting (“ICFR”) to provide reasonable assurance that material information related to the Corporation, including its consolidated subsidiaries, is made known to the Corporation’s certifying officers. The Corporation’s Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Corporation’s DC&P as of December 31, 2007 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Corporation is made known to them by others within the Corporation. The Corporation’s Chief Executive Officer and Chief Financial Officer have also evaluated the design of the Corporation’s ICFR as of December 31, 2007 and have concluded that these controls and procedures are adequately designed to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

The management of the Corporation was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. During the year ended December 31, 2007 there were no changes in the Corporation's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Risk Factors

Risk factors that may adversely affect or prevent Anatolia from carrying out all or portions of its business strategy are discussed in the Corporation’s Annual Information Form dated March 28, 2008 for the year ended December 31, 2007, available on SEDAR at www.sedar.com

Outstanding Share Data

The following common shares and convertible securities were outstanding at March 28, 2008. A total of 12,222 additional common shares were issued after December 31, 2007 upon exercise of 12,222 options. A total of 1,033,000 options were granted, and 13,759 options cancelled during the period from December 31, 2007 through March 28, 2008.

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Security	Expiry Date	Exercise Price	Security Outstanding	Common Shares on Exercise
Common Shares				83,133,507
Convertible Debentures	April 30, 2012	Cdn\$ 8.00		12,500,000
Options	September 15, 2009	\$ 0.15	100,000	100,000
Options	March 1, 2010	\$ 0.20	150,000	150,000
Options	August 15, 2010	\$ 0.21	50,000	50,000
Options	January 15, 2009	\$ 1.25	200,000	200,000
Options	January 6, 2009	\$ 1.45	150,000	150,000
Options	April 12, 2009	\$ 1.66	72,500	72,500
Options	April 18, 2010	Cnd\$ 1.22	200,000	200,000
Options	February 2, 2010	Cnd\$ 1.45	15,000	15,000
Options	December 21, 2009	Cnd\$ 1.51	70,000	70,000
Options	December 16, 2009	Cnd\$ 1.54	200,000	200,000
Options	December 15, 2010	Cnd\$ 1.81	465,069	463,958
Options	March 15, 2011	Cnd\$ 3.34	7,500	7,500
Options	May 31, 2011	Cnd\$ 3.70	235,000	235,000
Options	March 6, 2013	Cnd\$ 3.73	18,000	18,000
Options	December 18, 2011	Cnd\$ 4.25	477,216	477,216
Options	December 4, 2012	Cnd\$ 4.50	36,000	36,000
Options	February 20, 2013	Cnd\$ 4.65	1,000,000	1,000,000
Options	December 26, 2012	Cnd\$ 4.97	322,500	322,500
Options	December 17, 2012	Cnd\$ 5.10	350,000	350,000
Options	January 25, 2012	Cnd\$ 5.20	150,000	150,000
Options	January 7, 2013	Cnd\$ 5.38	15,000	15,000
Options	April 27, 2012	Cnd\$ 5.45	30,000	30,000
Options	May 2, 2012	Cnd\$ 5.45	9,000	9,000
Options	October 1, 2012	Cnd\$ 5.66	25,000	25,000
Options	March 22, 2012	Cnd\$ 5.67	150,000	150,000
Options	May 31, 2012	Cnd\$ 5.89	50,000	50,000
Options	October 19, 2012	Cnd\$ 6.18	75,000	75,000
Options	October 16, 2012	Cnd\$ 6.44	150,000	150,000
Sub-total				4,771,674
				100,405,181



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