ELECTRA GOLD LTD

MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTH PERIOD ENDED JUNE 30, 2008

The following discussion and analysis, prepared as of August 27, 2008, should be read together with the second quarter financial statements for the six month period ended June 30, 2008 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Overview

The Company is in the resource exploration/development and production business. The Company has leased and acquired mineral rights to properties located near Port Hardy on Vancouver Island and near Powell River. These properties are industrial mineral properties containing cement feedstock materials and Kaolin as well as a strong potential for development of base and precious metal deposits optioned to Lumina Copper Corp. The company has been continuously shipping product to a Seattle Cement Plant since October 2003.

The company currently trades on the TSX Venture Exchange under the symbol ELT.

The following is a summary of significant events and transactions that occurred during the quarter ended June 30, 2008. Specifically:

- A total of 29,242 tonnes were shipped in the second quarter.

- The Company and its major customer entered into a loan agreement dated April 1, 2004 whereby the major customer agreed to establish a secured loan facility to enable the Company to purchase production equipment. All advances bear interest at 8% per annum and are repayable on the basis of $1.50 per tonne of product purchased by the major customer starting with Load 28 on May 21/05. Of the $517,857 advanced under this agreement, $115,072 remains outstanding as of June 30, 2008.

- The Company entered into a Letter Agreement dated February 3, 2006 with Lumina Copper Corp. for the exploration development and mining of mineral resources within the North Island Apple Bay Claims. Lumina may earn a 100% in the property by making a total of $200,000 in cash payments over time to the Company and upon a production decision, paying an additional $800,000 in cash or shares. The Company retains the right to explore and exploit the property for non-metallic industrial minerals, and in addition, Lumina grants the right to the Company to explore its Hushamu claims for non-metallic industrial minerals. The Company received its third payment from Lumina on February 3, 2007 and fourth payment of $80,000 on February 1, 2008.

Results of Operations

The Company has experienced 20 consecutive quarters of commercial production. The volume of chalky geyserite shipped in the quarter ended June 30, 2008 was 29,242 (June 30, 2007 – 35,560) tonnes.

Cost of sales in the quarter were $469,392 (June 30, 2007 - $457,388) are lower than the comparable period of 2007 due a decrease in production of material because of the scheduled maintenance shutdown. In 2007 the maintenance shutdown of the Seattle Plant was moved to April/May which accounts for the fluctuation in production tonnage.

Operational Events in the Quarter:Liquidity & Solvency

The Company has financed its operations to date primarily through the issuance of common shares, exercise of stock options and the sale of chalky geyserite to cement companies. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to deliver a satisfactory product, raise adequate financing and to lower production costs to realize overall corporate profitability in the future coupled with lower corporate expenses.

	June 30, 2008	December 31, 2007
Working capital	(158,916)	58,043
Deficit	13,987,702	13,784,688

As at June 30, 2008 the Company held $85,969 (June 30, 2007 - $91,187) in cash assets and had a net profit for the quarter of $45,549 (2007 - ($329,230)). Factors causing the change in loss for the quarter ended June 30, 2008 in comparison to the same period in 2007 are due to:

- Consulting and financing fees of $52,961 (2007 - $53,378) have remained consistent.
- Management fees of $18,076 (2007 - $12,300) have increased due to the implementation of directors fees.
- Office and general expenses of $24,172 (2007 - $14,461) have increased mainly due to travel in relation to the Directors due diligence of potential properties, $10,519.
- Stock based compensation of $1,576 (2007 - $81,655) as stock options were issued during the 2007 quarter.

Net cash used for investing activities for the quarter ended June 30, 2008 was ($65,226) compared to net cash used by investing activities of ($24,000) during the quarter ended June 30, 2007. The change is due to increased work being done on the mineral properties in the 2008 quarter.

Financing activities provided cash of $21,106 during the quarter ended June 30, 2008 compared to $216,121 for the quarter ended June 30, 2007. The change is due to the raising of capital in the 2007 quarter.

Summary of Quarterly Results

	Q2 **30-Jun** **2008**	**Q1** **31-Mar** **2008**	**Q4** **31-Dec** **2007**	**Q3** **30-Sep** **2007**	**Q2** **30-Jun** **2007**	**Q1** **31-Mar** **2007**	**Q4** **31-Dec** **2006**	**Q3** **30-Sep** **2006**
Revenues	$648,486	$ 253,654	$ 671,833	$ 916,302	$ 345,168	$ 561,252	$ 612,346	$ 605,658
Net gain (loss)	$ 45,549	$ (247,564)	$ (39,063)	$ 73,676	$ (329,230)	$ (11,390)	$ (177,281)	$ (106,822)
Loss per share	$ -	$ (0.01)	$ -	$ -	$ (0.01)	$ -	$ (0.01)	$ -

Capital Resources

The Company has sufficient funds to meet its operational expenses for 2008 and cover anticipated administrative expenses throughout the year. It will continue to focus on the chalky geyserite production at its PEM100 Quarry site in Port Hardy and lowering administrative and production expenses.

Off-Balance Sheet Arrangements

There is no off-balance sheet arrangements to which the Company is committed to as at June 30, 2008.

Related Party Transactions

During the quarter ended June 30, 2008, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $41,450 (2007 - $22,600) to officers and directors of the Company.
b) Paid or accrued geological fees of $37,590 (2007 - $24,000) to the Company's president that were included in deferred exploration costs pursuant to the Apple Bay Agreement.
c) Paid or accrued royalties totaling $11,697 (2007 - $12,199) and $9,192 (2007 - $11,404) of general expenses to the president and a company controlled by the president.

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

Changes in Accounting Policies

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under the CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are initially measured in the balance sheet at fair value. Subsequent measurements and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized into net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income. Loans and receivables, held-to-maturity instruments and other financial liabilities, are measured at amortized cost.

As a result of the adoption of these new standards, the Company has classified its deposits as available-for-sale financial assets. Accounts payable and accrued liabilities, loan payable and amounts due to related parties are classified as other liabilities, which are measured at amortized cost. There is no impact on the Company's statement of earnings or retained earnings as at January 1, 2007.

Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Share Data

4. As at August 27, 2008

a) Authorized share capital: 100,000,000 common shares without par value;

b) Shares issued and outstanding: 36,488,796 common shares; Share capital: $14,161,622;

c) 1,200,000 options are outstanding June 30, 2008 with a weighted average price of $0.10 per share, and 1,800,000 warrants at a price of $0.16 per share and 2,750,000 warrants at a price of $0.10 per share.

Subsequent Events

- Electra Gold Ltd. announced on SEDAR on August 7th, 2008 an option agreement with Hanam Canada to develop and explore the Suquash Coalfield on Northern Vancouver Island. The Suquash coal mine was in production from 1908-1922. Government publications suggest a global geological potential resource of over 40 million tonnes of coal and possibly much greater, however no estimation of the mineable resource is currently available and a mineable resource will require further exploration, drilling and study. Please refer to www.sedar.com for the complete details.

Outlook

The Company's continuing focus will be on sustained production of chalky geyserite at the PEM100 Quarry in Port Hardy. The possible development of a docking port located on the west side of the island will contribute to the reduction of hauling cost for the product. The Company is also working with its major customer in pricing of the chalky geyserite to facilitate the sharing of administrative costs. Based on results of current production and new product development, the Company remains confident that production will be met for all outstanding orders.

Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

The current Board of Directors is comprised of four individuals, one of whom is neither an officer nor employee of the Company and is unrelated and independent from Management. The audit committee is comprised of two directors, none of whom is independent from management.

The audit committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited financial statements prior to their submission to the Board of Directors for approval. The audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Controls and Procedures

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in the 2007 annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Caution Regarding Forward-looking Information

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company available for view on SEDAR at www.sedar.com.