DELTA URANIUM INC.
(the "Company")

MANAGEMENT'S DISCUSSION & ANALYSIS

Date

This Management's Discussion and Analysis ("MD&A") of Delta Uranium Inc. ("Delta" or the "Company") is dated January 13, 2009 and should be read in conjunction with the Company's audited financial statements for the year ended February 29, 2008 and the interim consolidated financial statements for the nine months ended November 30, 2008. Including the related note disclosure, both of which are prepared in accordance with generally accepted accounting principles in Canada. All amounts are in Canadian dollars unless otherwise specified.

Overall Performance

Principal Business and Corporate History

Originally incorporated in 1988 as Whitney Porcupine Resources Ltd., the Company was involved in the acquisition, exploration and development of mining properties in Northern Ontario. In 1993, the Company changed its name to Birch Capital Inc. and became involved in the development and distribution of computer software before changing its name again to Breckenridge Technologies Inc. in 1993. On October 23, 1996, the Company changed its name to Breckenridge Minerals Inc. and returned the business focus to the acquisition, exploration and development of mining properties, this time in Mexico and the Great Basin area in the state of Nevada in the United States. In 2005, the Company changed its name to Wavepower Systems International Inc. and on May 31, 2007, the shareholders approved a name change to Delta Uranium Inc.

On November 9, 2007, Delta completed its acquisition of 4316282 Canada Inc. and 4316282 Canada Inc. became a wholly owned subsidiary of Delta. On June 12, 2008, 4316282 Canada Inc. changed its name to Delta Uranium Canada Inc. Delta continues the businesses of the Numbered Company and began trading on November 12, 2007, as a Mining Issuer on TSX Venture Exchange under the symbol "DUR." Shortly thereafter, on May 20, 2008, the Company graduated to Toronto Stock Exchange started to trade under the same symbol.

Delta is engaged in the exploration of uranium in Canada. The Company recently completed the acquisition of its 100% owned Kenora Uranium Project and holds 100% interest in over 70,000 hectares of additional uranium properties in Ontario.

Project Activity

For the first time in the history of exploration in this part of Ontario, one company controls nearly all of the significant uranium occurrences as well as a large lake bottom sediment uranium anomaly. In all, 42 uranium occurrences are known in this part of Ontario and their location coincides with that of a large uranium anomaly in lake-bottom sediments.

The Kenora properties are considered to have moderate potential to host uranium deposits because: known basement lithologies are favourable (leucogranitic peraluminous bodies); previous exploration has revealed the presence of uranium bearing rocks and one area has been the focus of diamond drilling and drifting in the mid 50's and 70's to evaluate a uranium bearing zone; anomalous uranium values in lake bottom sediments and soil were discovered by the OGS in 2004. Exploration work in the mid 70's has outlined a small uranium ore body.

The Company has completed follow-up ground geophysics and scintillometer surveys on the Kenora properties.

On the Bee Lake uranium occurrence, channel samples were completed and reported in November of 2007, with returns of up to 6lbs/ton U_3O_8. In total, 12 channel samples were taken along with grab samples in the area. On September 4, 2008, Delta reported the results of six diamond drill holes on the Bee Lake uranium occurrence. Only results over 100 ppm U_3O_8 are reported, with averages calculated using an across-the-zone cutoff of 50 ppm. Average assay results include 1.65 metres of 1005 ppm U_3O_8 (2.01 pounds per ton) in hole BL08-001 and 10.50 metres of 146 ppm U_3O_8 (0.29 pounds per ton) in hole BL08-016. An additional six holes were drilled at Bee Lake, one pair 360 metres east of the main group of holes, and two pairs 1100 metres east. All of these holes intersected radioactive granite and pegmatite, but none returned values over the 100 ppm U_3O_8 threshold.

Following the quarter ended November 30, 2008, the Company signed an option agreement with Spruce Ridge Resources ltd. (TSX-V: SHL) ("Spruce Ridge") on December 30, 2008, pursuant to which Delta has been granted the option to acquire a undivided 60% ownership interest in the Deer Lake Basin Uranium Project. Upon completion of the option, Delta will enter into a joint venture agreement with Spruce Ridge for the remaining 40% interest.

At the beginning of the New Year dated on January 5, 2009, Delta announced the results of the prospecting, sampling and assaying program carried out during the summer of 2008 on its 42,000 hectare Kenora property. A total of 2,484 samples were collected and assayed. Combined with an additional 701 samples collected in 2007, these samples have defined twelve anomalies that warrant further work in the coming year. Sixteen (16) of the samples yielded results over 2,000 ppm U_3O_8. The twelve anomalies that warrant further work on the basis of these assay results include, the Nixon Lake and Ely Lake zones, which have already been tested by limited diamond drilling. The other ten anomalies have not been drilled. These target areas will be mapped in detail in 2009, with additional sampling and assaying as necessary, with a view to defining drill targets for an expanded drill program to commence in July.

Mineral resource properties

Northwestern Ontario

Kenora
The Company's 100% owned Kenora Uranium Project is located about 30 km west of the town of Kenora, northwestern Ontario and approximately 240 km east of the city of Winnipeg, Manitoba. Winnipeg is serviced by scheduled commercial airlines and highways. Access to the Kenora Project is by Trans-Canada Highway (Highway 17); the main lines of the Canadian Pacific Railway cross the area to the south and the Canadian National Railway lines cross the south part of the area. Power lines and the Trans-Canada pipeline run approximately parallel to each other just south of Highway 17.

The climate varies from -50ºC in winter to +30º in the summer. Freeze-up begins in late November and break-up occurs in mid to late April.

The maximum relief in the area is roughly 90 m between the Eagle Lake area, at 363 m above sea level and the Cobble Lake area at 460 m above sea level. The topography is moderately rugged, and local relief rarely exceeds 46 m. West of the Tustin Township and west of Cobble Lake, the watershed flows west into Lake of the Woods and the Winnipeg River; east of Tustin Township, the watershed flows east into the Wabigoon River system.

The Kenora Uranium Project is comprised of 3,046 claims covering a total of 48,736 hectares located approximately 30 km east of the town of Kenora in Northwestern Ontario. Delta's property hosts an unusually large number of uranium occurrences, which coincide with a large uranium anomaly in lake-bottom sediments; a total of 43 known historical occurrences.

All the rocks in the area are of Achean in age and belong to the Superior Province. One belt of volcanic rocks, regionally metamorphosed to lower amphibolite to upper greenschist facies forms an east-trending belt varying in width from about 2.8 km in the east (Langton Township), to 0.8 km in the west (Macnicol Township). Additional mapping has indicated the belt continues in a westerly direction up to Silver Lake. This volcanic belt is bordered to the north by the English River subprovince and to the south by the Wabigoon subprovince, composed of distinct granitic batholiths with a complex history: the Lount Lake batholith to the north, and the Dryberry batholith to the south.

The metavolcanics vary in composition from mafic to intermediate and comprises flows and pyroclastic material. They make up to 75% of the entire sequence. The metasedimentary sequence is intruded by sills, dikes and irregular shaped bodies which vary in composition from felsic to utlramafic.

In the Macnicol, Tustin, Bridges, Docker and Langton townships, the metasedimentary sequence is composed of a mafic volcanic band, 1 to 2 km wide, with intercalated sandstones, argillites and siltstones, along with discontinuous bands of felsic to intermediate pyroclastics in the west (Tustin, Bridges) and flows (Docker). Throughout the area, the metasedimentary sequence is intruded by gabbro sills and pegmatite dikes. Numerous occurrences of copper and uranium mineralisation are known throughout the above townships, in association with the pegmatites. The pegmatite dikes vary greatly in size and shape, ranging from a meter to about 1,500 m in length to 300 m in width; they often branch out and appear to follow the foliation, but locally they transect it.

Some late diabase dikes are reported to the southeast of the area of interest; they are dated 1,900 to 1,500 M.a.; the granitic batholiths are dated at 2,600 to 2,500 M.a. It is considered that the large plutons predate most of the more potassic rocks that intrude the metasedimentary sequence.

Faulting is reported to be parallel and sometimes across the regional strike and has made it difficult to correlate the various volcanic and volcano-sedimentary units; therefore the stratigraphic column is not entirely clear.

Pleistocene glacial deposits are rare in the area. Lacustrine deposits are recent features.

Based on existing geology one could expect deposits of the following types:

Bancroft Area, granitic pegmatite dikes in calcareous metasediments and gneiss (1.3 million tonnes of 0.11 U_3O_8) with uraninite associated with magnetite, hematite. A large pluton flanks the mineralized pegmatite en-echelon dykes transgressing the metasediments.

Beaverlodge vein type in granitic rocks, 500 to 1,000 tonnes of 0.14 to 0.25% U.; vein linked to major structural features (mylonites), and faults and the unconformity between the granitic Aphebian rocks and the Martin Helikian sediments. Pitchblende is the main uranium mineral and later than the main igneous or metamorphic activity. This part of Ontario is not known for multiple stage geological history except for the diabase dikes of the 1,900 M.a.

Vein type uranium in granitic rocks and adjacent metasediments like in Western Europe; linked to alkaline granites along major structures, development of “Episyenite” by removal of quartz and introduction of albite, destruction of feldspar and replacement by Mg rich muscovite creating the “sponge” rocks. The veins are linked to major structural markers in “fertile” granite. These deposits vary in size from 5 to 10,000 tonnes of uranium metal at a grade of 0.15 to 0.3% U.

Michelin type deposits in metavolcanic rocks (7,000 tonnes of uranium at a grade 0.11%): uranium disseminated in the sediments; albitization, hematization and carbonatisation accompany these types of deposits. Fluorite and molybdenum are often associated with uranium.

Rössing type deposits in the Damaran orogenic belt, composed of late Precambrian sedimentary and volcanic rocks (about 900 M.a. in age), intensely deformed and metamorphosed during the Damaran orogenic event about 510 M.a. ago. Quartzites, marbles, gneisses and schists are intruded numerous dikes of alaskites (leucogranitic rock resulting form anatexis), uraniferous granites and pegmatites; the deposit covers a large area 1.5 km long and about 0.5 km wide. The entire series is folded isoclinally along northwest-southwest axis. The deposit lies on the flank of a dome in the complex basin of domes and basins. Alaskite is present beyond the deposit limits and is not always uraniferous. The main mineral is uraninite. At Rössing the tonnage is in the order of several hundred millions tonnes; the Rössing Uranium mine has been in operation since the mid-70’s producing between 2,000 and 4,000 tonnes a year of U; current mine project is planning expansions to be in operation until 2025.

There are no known signs of regolith development which could point towards unconformity deposits (Saskatchewan) under the sandstones of the metasedimentary volcanic belt of the Kimber Lake area.

Previous work encountered mineralization in the form of yellow products (Uranophane or uranotile) in all the showings. Uraninite was the only primary mineral recognized at Hawk Lake and New Campbell Mines.

Boyer Lake - Canamerica
The Company’s 100% owned Upper Manitou Lake gold project is located along the northeastern shore of upper Manitou Lake in Boyer Township, approximately 30 km south of Dryden, Ontario. The property was acquired by staking and comprises 57 claims covering over 912 hectares of potentially gold-bearing volcanic stratigraphy situated adjacent the historic Gold Rock mining camp.

During the 1980s CanAmerica Precious Metals discovered four gold-bearing zones on the property named the “D”, “E”, “F” and “Unnamed” Zones (1987 report prepared by M. Fox). Exploration of the mineralized structures by CanAmerica indicated the possibility of significant tonnage in the zones with the potential for a multi-million ounce gold deposit.

The Upper Manitou Lake Project fits the model of Archean or Mesothermal Lode Gold deposits. These deposits are responsible for almost 20% of the world’s cumulative gold production and are mostly characterized by gold-only, quartz vein systems associated with supracrustal belts in low to medium-grade metamorphic terranes. Vein-type deposits, as seen in the Gold Rock area, typically consist of open-space fillings of coarse or cherty quartz with associated feldspar, carbonate, tourmaline, sericite and/or chlorite and sulphide minerals (1996 report prepared by J.W. Redden).

Aerobus Lake
The Company's 100% owned Aerobus Lake properties are located in Northwestern Ontario approximately 25 km northeast of the Company's Kenora Property. The project consists of 496 claims covering 7,936 hectares.

The properties were acquired by staking and targeting uranium mineral occurrences and radiometric anomalies, typically in granite and granite-greenstone terranes. Most fall under the Intrusive Deposit model for uranium deposits, which are represented by low-grade, high-tonnage deposits typically associated with intrusive rocks including alaskite, granite, pegmatite, and monzonites. Major world deposits include Rössing (Namibia), Ilimaussaq (Greenland) and Palabora (South Africa). The most well known example of the Intrusive-type deposit is the Rössing Mine in Namibia, which accounts for 8% of the World's uranium production and has been producing continuously from 1976 (1979 report prepared by C.E. Blackburn, 1976 report prepared by A.S. Baynes, 2005 report prepared by V.E. Felix, 1976 report prepared by A.P. Pryslak, 1968 report prepared by J.A. Robertson and 1955 report prepared by J. Satterly).

Northeastern Ontario

Timmins Uranium Project
The Company's 100% owned Timmins Uranium Project is located in Northeastern Ontario and stretches from Shining Tree to Sault Ste. Marie. The project consists of twelve separate mineral licenses comprising 3,029 claims covering 48,464 hectares.

The properties were acquired by staking and targeting uranium mineral occurrences and radiometric anomalies, typically in granite and granite-greenstone terranes. Similar to the Kenora Uranium Project, most of the Timmins projects can be classified under the Intrusive Deposit model for uranium deposits, which are represented by low-grade, high tonnage deposits associated with intrusive rocks. Major world deposits include Rössing (Namibia), Ilimaussaq (Greenland) and Palabora (South Africa). The most well known example of the Intrusive-type deposit is the Rössing Mine in Namibia, which accounts for 8% of the World's uranium production and has been producing continuously from 1976.

The remainder is found in geological settings with the potential to host uranium deposits similar to those in Elliot Lake, namely the Quartz-Pebble Conglomerate type. These deposits are hosted by sedimentary units with uranium mineralization typically occurring within the sedimentary matrix. Quartz-Pebble Conglomerate deposits make up approximately 13% of the world's uranium resources. Individual deposits range in size from 6,000 - 170,000 tonnes contained U_3O_8 and major examples are the Elliot Lake deposits in Canada and the Witwatersrand gold-uranium deposits in South Africa (1968 report prepared by J.A. Robertson).

Newfoundland & Labrador

Deer Lake Basin Uranium Project
The 85,200 hectare property covers approximately 50 percent of the Carboniferous-age Deer Lake sedimentary basin in west-central Newfoundland. Within the basin, the property includes more than 90 percent of the area underlain by rocks of the Rocky Brook Formation, which hosts numerous historic uranium occurrences. The northern part of the property lies outside the Deer Lake basin and covers a 30 kilometre length of a major tectonic zone that transects the island, and is part of a continental-scale structural trend that plays host to uranium occurrences as far south as North Carolina.

Within the Deer Lake basin, two types of uranium occurrence have been identified on the property. In the Rocky Brook Formation there are at least 56 recorded occurrences of uranium mineralization on the Deer Lake property. These occurrences are all in the banks of rivers and streams that have cut through the overburden to expose bedrock; all the intervening ground is essentially unexposed. Uranium is associated with accumulations of organic material in shaley limestone that has distinct similarities to present-day calcrete that can contain substantial bodies of uranium mineralization. The Yeelirrie deposit in Australia and the Langer-Heinrich and Trekkopje deposits in Namibia are examples of calcrete-hosted uranium. Spruce Ridge has worked on one group of these occurrences at North Brook, where assays from surface samples have ranged up to 3.73% U_3O_8 as well as 1.05% copper and 65.9 g/T silver.

The Deer Lake basin also has the potential to contain sandstone-hosted uranium. On the adjacent property of Altius Minerals Corporation (TSX: ALS) and JNR Resources Inc. (TSX-V: JNN), boulders of red sandstone have been found, containing up to 10% U_3O_8 with associated silver values.

At the Incinerator Road group of showings, uranium mineralization is exposed in outliers of conglomerate on a steep hillside at the northwestern edge of the basin. This hillside represents an “exhumed unconformity”, where the Carboniferous sediments lie on much older crystalline limestone and dolomite. The conglomerate consists of pebbles and cobbles of these older rocks in a limestone matrix. Individual surface samples have assayed up to 0.095% U_3O_8. Fourteen diamond drill holes were put down by Spruce Ridge in 2007 in the Incinerator Road area, of which seven encountered anomalous radioactivity. The highest individual assay from drill core was 0.031% U_3O_8 over 0.30 metres, and the best overall intersection was in hole IR07-06 which cut an average of 0.010% U_3O_8 over 7.94 metres, with a second intersection of 0.007% U_3O_8 over 1.98 metres. There is indirect geological evidence that the uranium mineralization at Incinerator Road, in permeable rocks exposed on high ground, may have been depleted by weathering; it is anticipated that unweathered material may contain higher grades of uranium.

Two kilometres outside the Deer Lake basin, prospecting by Spruce Ridge has located mineralization in the Determination Zone, an area of clay-altered felsic volcanics that has returned assays up to 0.275% U_3O_8, with an average of 0.156% U_3O_8 from eleven samples collected over an area of 110 metres by 22 metres. It is possible that the Determination Zone may be related to the unconformity at the base of the Carboniferous sediments; the clay alteration is dominated by illite, which is one of the main alteration minerals associated with unconformity-type uranium deposits in the Athabasca Basin of Saskatchewan.

The structural corridor covered by the northern part of the Deer Lake property also has the potential for mylonite/breccia hosted uranium mineralization similar to that in the multi-million pound Coles Hill-Swanson uranium deposit in southern Virginia.

Risks and Uncertainties

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company’s ability to recover its costs through a disposition of its mineral resource properties.

The Company is subject to numerous risk factors that may affect its business prospects in the

future. These risks include, but are not limited to, the Company's access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licences, the inherently risky nature of the Company's activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company's reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company's dependence upon employees and consultants and fluctuations in mineral prices.

Results of Operations

Nine months ended November 30

	2008 $	2007 $
General and administrative expenses		
Professional fees	81,680	115,406
Consulting fees	445,549	24,000
-Management fees	-	144,000
Salaries and benefits	800,203	-
Stock-based compensation	876,145	771,110
General and office	418,604	170,199
Investor relations	421,220	-
Travel	182,032	-
Interest	295	-
Amortization	80,523	-
	3,306,251	1,224,715
Loss before the undernoted items	(3,306,251)	(1,224,715)
Interest income	121,978	10,534
Gain on sale of investments	-	167,083
Writedown of mineral resource properties	(204,000)	-
Loss before income taxes	(3,388,273)	(1,047,098)
Income taxes	-	35,000
Loss for the period	(3,388,273)	(1,082,098)

On November 9, 2007, the Company acquired the all of the issued and outstanding common shares of 4316282 Canada Inc. ("4316282 Canada"). The comparative figures reported are those of 4316282 Canada, and therefore, the net loss is not comparable to the same period in the previous year.

Three months ended November 30

	2008 $	2007 $
General and administrative expenses		
Professional fees	26,919	103,185
Consulting fees	132,664	-
Management fees	-	144,000
Salaries and benefits	363,229	-

Stock-based compensation	374,385	771,110
General and office	155,229	139,114
Investor relations	221,470	-
Travel	45,154	-
Interest	295	-
Amortization	32,513	-
	1,351,858	1,157,409
Loss before the undernoted items	(1,351,858)	(1,157,409)
Interest income	21,781	10,534
Gain on sale of investments	-	49,070
Writedown of mineral resource properties	(204,000)	-
Loss for the period	(1,534,076)	(1,097,805)

On November 9, 2007, the Company acquired the all of the issued and outstanding common shares of 4316282 Canada Inc. ("4316282 Canada"). The comparative figures reported are those of 4316282 Canada, and therefore, the net loss is not comparable to the same period in the previous year.

Summary of Quarterly Results

three months ended	Investment revenue	Net income (loss)	
		Total	Per share
November 30, 2008	21,781	(1,534,076)	(0.053)
August 31, 2008	38,632	(1,112,215)	(0.038)
May 31, 2008	61,565	(741,981)	(0.026)
February 29, 2008	(123,501)	(494,719)	(0.019)
November 30, 2007	59,604	(1,097,805)	(0.090)
August 31, 2007	118,013	54,549	0.004
May 31, 2007	—	(3,842)	(0.000)
February 28, 2007	159,567	156,515	0.013

The Company has no operating revenues and relies on external financings to generate capital. As a result of its activities, the Company continues to incur net losses, the net loss for the three months ended November 30, 2008 was $1,534,076 as compared to a net loss of $1,097,805 for the same period ended November 30, 2008. The increase in net loss by $436,271 over the year was principally due to increased expenses on consulting fees, salaries and benefits, investor relations, travel and amortization.

Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

As at November 30, 2008, the Company's working capital was $2,380,442 (February 29, 2008 - $7,647,317) included cash and cash equivalents of $2,160,812 (February 29, 2008 - $7,777,914). The reduction in working capital and cash resulted from the use of cash for operations of $2,577,832, purchase of capital assets of $279,928and expenditures on mineral

resource properties of $2,759,341.

Future cash requirements will depend primarily on the extent of future expenditures on the Company's exploration programs. The cost and duration of future exploration programs will depend on the results of current exploration programs and therefore, the Company is not able to forecast future cash requirements. The Company has sufficient funds to maintain its current mineral resource properties and carry out certain planned exploration programs, but the Company will require additional financing to fund operations and complete exploration programs in 2009 and future years.

Contractual Obligations

In order to earn its 60% interest in the Deer Lake Basin Uranium Property, the Company must make option payments, issue common shares and incur exploration expenditures as follows:

	Option payments	Common shares	Exploration expenditures
To earn 60% interest	**$**		**$**
Paid/issued	100,000	200,000	–
December 10, 2009	100,000	200,000	500,000
December 10, 2010	200,000	200,000	1,000,000
December 10, 2011	200,000	200,000	1,500,000
Total	600,000	800,000	3,000,000

Transactions with Related Parties

For the 9 months ended November 30, 2008, salaries includes $452,500 (2007 - $144,000) paid to two directors and officers of the Company; mineral resource properties includes consulting fees of $426,779 (2007 - $nil) paid to two directors of the Company and a companies controlled by them; and investor relations includes $4,352 (2007 - $nil) paid to a company controlled by a director of the Company.
These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

Critical Accounting Estimates

Mineral resource properties
Costs relating to the acquisition, exploration and development of mineral resource properties are deferred until the properties are brought into commercial production, at which time, they are amortized over the estimated useful life of the related property on a unit-of-production basis. The cost of mineral resource properties includes the cash consideration and the fair value of shares issued on the date the property is acquired. The proceeds from options granted on properties are credited to the cost of the related property. When a property is determined to be non-commercial, non-productive or its value impaired, those costs in excess of estimated recoveries are charged to operations.

The recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The amount shown for mineral resource properties does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral resource properties.

Stock-based compensation
Stock-based compensation is determined using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. Changes in these input assumptions can materially affect the estimate of fair value.

Changes in Accounting Policies including Initial Adoption

On March 1, 2008, the Company adopted amendments to CICA Handbook Section 1400, "General Standards of Financial Statement Presentation" which includes requirements to assess and disclose an entity's ability to continue as a going concern; disclosure of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern; disclosure of when financial statements are not prepared on a going concern basis, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

On March 1, 2008, the Company adopted CICA Handbook Section 1535, "Capital Disclosures" which requires disclosure of qualitative information about its objectives, policies and processes for managing capital; disclosure of quantitative data about what is regarded as capital; and disclosure of compliance with any externally imposed capital requirements and the consequences of such non-compliance.

On March 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation" which requires disclosures to enable users to evaluate the significance of financial instruments on the entity's financial position and performance, and the nature and extent of risks arising from financial instruments and non-financial derivatives.

Beyond additional disclosure, the adoption of these new accounting standards did not have an effect on the Company's financial statements.

Future Changes in Accounting Policies

On March 1, 2009, the Company will adopt CICA Handbook Section 3031, "Inventories", which will replace Section 3030. The new standard requires that inventories be measured at the lower of cost and the net realizable value, provides guidelines on determining cost, prohibits the use of the last-in, first-out method (LIFO) and requires the reversal of a previous write-down when the value of inventories increases.

On March 1, 2009, the Company will adopt CICA Handbook Section 3064, "Goodwill and Intangible Assets" which will replace Section 3062. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

Financial Instruments and Other Instruments

The carrying value of cash, receivables, accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk interest rate risk and commodity price risk.

Currency risk
As the majority of the Company's expenditures are in Canadian dollars, the Company limits it exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

Credit risk
Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Commodity price risk
The Company is exposed to commodity price risk with respect to uranium prices. A significant decline in uranium prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company, particularly during the period in which the interim filings are being prepared. The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with Canadian generally accepted accounting principles. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design of the Company's internal controls over financial reporting. As the Company has a limited number of personnel, management has concluded that a weakness exists in the design of internal controls over financial reporting caused by a lack of adequate segregation of duties. This weakness has the potential to result in material misstatements in the Company's financial statements and should also be considered a weakness in its disclosure controls and procedures. Management has concluded that taking into account the present stage of the Company's development and the best interests

of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional personnel to correct this weakness at this time. To help mitigate the impact of this weakness and to ensure quality financial reporting, there are supervisory controls exercised by management and audit committee oversight, and in the future, interim financial statements will be reviewed by the Company's auditors.

There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure of Outstanding Share Data (as at January 13, 2009)

Shares
Authorized
An unlimited number of preference shares issuable in series with terms to be fixed by the Board of Directors.
An unlimited number of common shares without par value.

Outstanding:
29,269,787common shares.

Stock options
Authorized:
5,813,957 stock options.

Outstanding:

Exercise price	Options outstanding	Options exercisable	Expiry date
$1.00	1,800,000	1,750,000	November 20, 2012
$1.00	575,000	500,000	March 3, 2013
$1.00	1,770,000	1,540,000	July 9, 2013
$0.50	50,000	50,000	February 15, 2010
$0.50	150,000	-	February 15, 2011
	4, 345,000	3,840,000	

Notes: (1) 1,000,000 stock options were expired on December 20, 2008.
(2) 70,000 stock options were expired on December 19, 2008

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The words "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "will", "would", "should", "guidance", "potential", "continue", "project", "forecast", "confident", "prospects", and similar expressions typically are used to identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the Company's business and the industry and markets in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied by these forward-looking statements due to a number of factors, including but not limited to the Company's access to

additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licences, the inherently risky nature of the Company's activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company's reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company's dependence upon employees and consultants and fluctuations in mineral prices. These risks, as well as others, could cause actual results and events to vary significantly. The Company expressly disclaims any intent or obligation to update these forward-looking statements, unless the Company specifically states otherwise.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.