DELTA URANIUM INC.
(the "Company")

MANAGEMENT'S DISCUSSION & ANALYSIS

Date

This Management's Discussion and Analysis ("MD&A") of Delta Uranium Inc. is dated July 14, 2009 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 28, 2009 and the interim consolidated financial statements for the three months ended May 31, 2009. 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, the Company completed its acquisition of 4316282 Canada Inc. and 4316282 Canada Inc. became a wholly-owned subsidiary of the Company. On June 12, 2008, 4316282 Canada Inc. changed its name to Delta Uranium Canada Inc. The Company 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 acquired 100% interest in 330 claims in Northwestern Ontario comprising of over 70,000 hectares, 100% interest in 277 claims in Northeastern Ontario comprising of over 66,000 hectares, 60% interest in 34 claims in the Deer Lake Basin in western Newfoundland comprising of over 85,000 hectares and 80% interest in 274 hectare Wheeler River C 3 Property in Athabasca Basin, Saskatchewan. The Company's wholly owned subsidiary, Delta Precious Metals (Ontario) Inc., has an option to earn an undivided 60% interest in certain patented and leased mineral claims two kilometres east of Wawa, Ontario.

Proposed business combination with Carlisle Goldfields Limited

On February 26, 2009, the Company entered into a letter of intent, pursuant to which, Carlisle Goldfields Limited ("Carlisle") was to acquire the outstanding common shares and warrants of the Company's wholly-owned subsidiary, Delta Precious Metals (Ontario) Inc., which holds the Company's gold mineral resource properties.

On March 31, 2009, the Company advanced an unsecured loan of $75,000 to Carlisle. The loan is repayable upon demand or on the date that Carlisle completes a financing of a minimum of $100,000. In the event that Carlisle does not complete a financing by August 31, 2009, the loan will bear interest at the prime rate plus 4%, paid quarterly. On June 5, 2009, Carlisle completed a financing for $165,000 and the unsecured loan became immediately repayable.

On June 9, 2009, Carlisle terminated the letter of intent and repaid $50,000 of the unsecured loan. The Company has taken legal action to collect the remaining $25,000 of the unsecured loan.

Projects Activities

Athabasca Basin Wheeler River C 3 Project, Saskatchewan

On May 20, 2009, Delta entered into an option agreement with Solitaire Minerals Corp. ("Solitaire") whereby Delta will have an option to earn up to an undivided 80% interest in Solitaire's 274 hectare Wheeler River C 3 Property located approximately 20 km NNW of the former producing Key Lake Mine in the SE Athabasca Basin, Saskatchewan.

Kenora Uranium Project, Northwestern Ontario

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. Historically there were 42 uranium occurrences known in this part of Ontario and their location coincides with that of a large uranium anomaly in lake-bottom sediments, current drilling has identified an additional twelve anomalies in this area.

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 deposit.

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

Richard Lake

The drilling program, comprising 20 holes totalling 2,151m, was designed to confirm historic drill results as well as testing for possible strike extensions of the mineralized horizon to the northeast and southwest. The program was successful in both respects, identifying the uranium mineralized pegmatite within previously reported zones, as well as extending mineralization along strike to the northeast and southwest. For complete drill results on the Richard Lake Uranium Deposit please refer to the Company's news releases date May 26, 2008 and April 17, 2008.

Bee Lake

Twelve holes totalling 1,070 metres were drilled at Bee Lake. The Bee Lake occurrence is located in Tustin Township and was discovered in the early 1950's. Radioactive mineralization is associated with an irregular pegmatite mass that has a reported thickness of up to 30 m and length of 820 m and is in contact with intermediate to mafic metavolcanics and gneissic granodiorite of the Feist Lake Pluton.

Petursson Lake
To the southeast of the Bee Lake occurrence is the Petursson Lake uranium showing, which has been interpreted to represent a strike extension of the Bee Lake Zone. Dimensions of the radioactive zone have been reported in excess of 400m in length and up to 10m wide. Historical results for this zone include up to 42 lbs/ton U_3O_8 in grab samples taken in the pegmatite. Current exploration by Company suggests that the Bee Lake-Petursson Lake Zone does in fact represent a continuous section of pegmatite-hosted mineralization, and that the potential dimensions are larger than previously thought. Future exploration will be designed to confirm this interpretation through continued surface sampling and diamond drilling.

Preston East Dome
Five holes totalling 880 metres were completed near the Preston East Dome uranium occurrence located at the eastern end of the Kenora Project. The showing was discovered in 1955 by Preston East Dome Mines Ltd. and has seen limited exploration. Radioactive mineralization at Preston East Dome is associated with an irregular pegmatite intrusive hosted by metasedimentary gneisses. Diamond drilling by Preston East Dome Mines in 1955 returned two intersections of 8.8 metres and 3 metres, in a single drill hole, that graded 0.28% (5.6 lbs/ton) and 0.31% (6.3 lbs/ton) U_3O_8, respectively. Reports of previous airborne radiometric surveys suggest that the radioactive zone extends for more than 1.8 kilometres, while the Company's recent airborne indicates the strongest section of the anomaly is over 1 kilometre in strike length and is situated to the east of the known surface occurrence.

Wilson Lake
Five holes totalling 1,038 metres were drilled on the Wilson Lake occurrence, which is located in the center of the Kenora Project. Discovered in 1955, very little historical work has been undertaken on this prospect and consequently little was known about the occurrence prior to the Company's work. During the 2007 field season, the Company identified consistently high scintillometer readings across pegmatites ranging up to several hundred metres in width, indicating a potential for significant tonnage at this occurrence. Rocks are comprised of numerous radioactive pegmatite dykes hosted by metasedimentary layers within the volcanic belt. Secondary uranium minerals can be observed along cleavage planes in the pegmatites at numerous locations.

On January 5, 2009, the Company announced the results of the prospecting, sampling and assaying program carried out during the summer of 2008 on its 57,000 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 expected to commence in July.

Timmins Uranium Project, Northeastern Ontario
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 two hundred and seventy-seven claims comprising 4,186 claims units and covering 66,976 hectares.

Dear Lake Basin Uranium Project, Newfoundland & Labrador
On December 30, 2008 the Company signed an option agreement with Spruce Ridge Resources ltd. (TSX-V: SHL) ("Spruce Ridge"), pursuant to which the Company has been granted the option

to acquire a undivided 60% ownership interest in the Deer Lake Basin Uranium Project. Upon completion of the option, the Company will enter into a joint venture agreement with Spruce Ridge for the remaining 40% interest.

Wawa Surluga Gold Project, Ontario

On April 16, 2009, Delta entered into an option agreement with Citabar Limited Partnership ("Citabar") and Citadel Gold Mines Inc. ("Citadel") whereby Delta Precious Metals (Ontario) Inc. will have an option to earn an undivided 60% interest in certain patented and leased mineral claims located two kilometres East of Wawa, in the Province of Ontario.

In 2007, Citabar carried out a program of surface diamond drilling to test the Jubilee-Surluga gold zone at depth. Three holes intersected significant gold values at depths between 500 and 600 metres:

DDH 07-393: 1.70 metres of 10.67 g/T Au
DDH 07-391: 3.30 metres of 11.43 g/T Au
DDH 07-389: 3.10 metres of 7.50 g/T Au

These intersections indicate that the Jubilee-Surluga zone appears to become narrower and higher-grade at depth, a configuration that has positive implications for the possible development of an underground-mineable resource below the near-surface lower grade portion of the deposit.

The Wawa property also includes claims held under option by Citadel and Citabar (the “Van Sickle Option”). Exploration on the Van Sickle Option in the 1990s resulted in the discovery of a number of high grade gold-bearing veins in trenches and shallow diamond drill holes. Individual surface grab samples assayed up to 325 g/T Au. Channel samples gave up to 129 g/T Au over 1.83 metres. Diamond drill holes gave up to 29.9 g/T Au over 2.5 metres and 758 g/T Au over 0.30 metres.

Before commencing additional diamond drilling on the Wawa property, Delta plans to compile the historical data on the property, including resampling selected parts of core from the approximately 90,000 metres that have been drilled to date. This compilation will allow the definition of a 43-101 compliant resource estimate for the Jubilee-Surluga zone, as well as 3-D modelling that will help guide further drill programs.

Mineral Resource Properties

Athabasca Basin Wheeler River C 3 Project, Saskatchewan

The Wheeler River C3 Property is located in the Athabasca Basin of northern Saskatchewan, Canada and lies within the Key Lake-McArthur River corridor, one of the most prolific uranium mining districts in the world.

A helicopter-borne VTEM time domain electromagnetic and magnetic survey was flown over the Wheeler River C3 Property in 2007 by GeoTech Airborne Geophysical Surveys. Inversion of these data by Condor Consulting has indicated an approximately 1000m x 500m zone of conductivity, located at or near the unconformity at approximately 200m depth.

This lies within a northeast trending magnetic low that could indicate basement metapellitic rocks, which are prospective for uranium in the Athabasca Basin. Limited compilation of historical data has also indicated the presence of basement conductor axes underlying the

VTEM anomaly, identified from Noranda ground TDEM surveys. Further, three historical Noranda drillholes do not explain the VTEM or historical basement conductive responses.

The drillholes do, however, confirm the presence of the potentially prospective rocks of the Wollaston/Mudjatik terrain. Further detailed compilation of historical data and a ground DC - Resistivity / IP program has been recommended to identify discrete drill targets for basement hosted unconformity uranium.

Discoveries of Note in the Claim Area (All data has been sourced from the October 2007, Condor Consulting VTEM EM and Magnetic Survey Report prepared for Raytec Development Corp.)**:**

- The Wheeler River claim area is situated on part of the original Cogema's Martin Lake-Wheeler River grid where drilling 3km to the north intersected 1.6% U_3O_8 over 5.2 meters and 0.1% U over 4.0 meters in clay alteration above the unconformity.

- 2 km to the south, the Cameco-Uranerz Esker Lake grid Drill hole EL-81 encountered sooty pitchblende mineralization within sheared and altered, grey to black, fine-grained graphitic biotite gneiss. Grab samples taken from this zone returned 2,300 ppm U and 3.5% Cu over 0.1 meters. A second hole EL-103, hit a sequence of pegmatoids within arkosic to semipelitic gneiss which returned 1560 ppm U over 0.5 meters. Drill hole EL-105, encountered two major zones of shearing and brecciation with graphite enrichment within chloritized and sericitised gneiss from 200 to 237 meters. Small sooty pitchblende crystals, 10% to massive graphite, plus pyrite and chalcopyrite occur as infillings within the zones of shearing. A 0.1 meter wide grab sample taken from this zone of shear-bound mineralization returned 1660 ppm U. North-northwest shearing was noted which strikes through S-107753, with uranium mineralization discovered within several kilometers on either side.

- 5 km to the west, exploration by Phelps-Dodge on the Shift Lake property encountered uranium mineralization within sandstone at 189 meters which returned up to 1.42% U_3O_8 over 1.0 meter.

Kenora Uranium Project, Northwestern Ontario

Project Description and Location:
The Kenora Project consists of 278 claims consisting of 3,563 claim units and covering 57,008 hectares; the mineral claims are defined by the Mining Act of 1991, revised in 2000, of the province of Ontario.

Accessibility, Climate, Local Resources, Infrastructure and Physiography:
The properties are located about 30 km west of the town of Kenora northwestern Ontario and approximately 240 km east of the city of Winnipeg in Manitoba, Canada. Winnipeg (population 700,000) is serviced by scheduled commercial airlines and highways. Access to the properties 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 Tans-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.

History:
(a) Previous Work: Ground prospecting found numerous radioactive anomalies some of which saw some trenching, drilling and drifting from the mid 1950's to the late 1960's. There are 42 known radioactive occurrences in the Kenora east area. Companies involved in Uranium exploration were: New Campbell Island Mines, Tustin Mines Ltd., Olympia Mines Ltd., Coulee Lead and Zinc Mines, Noranda Mines, Kenoratomic Mines Ltd., Quebec Ascot Copper Corp. Viceroy Uranium Corp., and Anschutz Uranium Corp in the mid 50's and 70's. Prospecting for base metals was conducted Alcok, Compbell Island Mines, Conquest Exploration Ltd, Selco, Falconbridge Nickel Mines, Noranda, Isenbaert, and Rio Algorn sporadically from 1953 through 1990.

In the early 80's, Rio Algom explored the Game Lake area for copper-zinc sulfides. In the 1990's, Noranda Exploration Company searched for sulphide mineralization in the Kimber Lake area by conducted horizontal loop electro-magnetic surveys (Felix, 1992). In 2002, the Ontario Geological Survey completed an extensive campaign of lake bottom sediment sampling over the area covered by the NTS sheets 52F-I1, -13, -14, -15. 932 lake sites were sampled and analyzed for a suite of 50 elements including Uranium (Felix, 2005). In 2004, Emerald Fields Resources Corporation explored the Game Lake area and still holds some claims.

(b) Results: Previous exploration for uranium in the area led to the discovery of 42 occurrences mentioned in the Mineral Deposit Index of Ontario of which some saw exploration in the form of trenching, drilling and even drifting.

The Coulee Lead and Zinc Mines (K0145) conducted radiometric survey in 1967 and found many anomalous zones near Game Lake (K0302). The area is underlain by metasediments intruded by felsic granitic rocks. Uranium mineralization is linked to pegmatites and erratically distributed in the pegmatites bodies.

There are many more occurrences, all showing the same kind of grades and limited extent (width and length). Uranium associated with pink pegmatites bodies intruding the metasediments; the pegmatites are often hematized and show local enrichment in magnetite; often secondary yellow minerals are observed on the fractures.

The Lake Bottom sediment survey outlined several areas with anomalous uranium values ranging from an average of 7.74 ppm with a median of only 3.75 ppm, up to 90 ppm. Two areas have values above 19 ppm (6 times the median, over twice the average): the western most and largest one (15 Km by 40 Km) covers a large portion of the townships of Macnicol to Langton, and it is where most of the previous radiometric showings (uranium) had been found in the past; and the eastern most is by Bluett Lake, Drope Township. The largest anomaly, northwest of Eagle Lake, covers the metasedimentary volcanic belt of Bruin Lake, which is intruded by numerous dikes and sills of pegmatites and gabbros. Of the 865 samples that were analyzed for uranium, the latter element correlates with such elements as the Rare Earth (La, Eu, Y and Yb), Pb and Mo, to a lesser extend Ag, Cs, Cd. Uranium correlates negatively with Rb, Sn and Zr. Uranium does not correlates with LOI (could be linked to organic matter content if correlated with LOI). It is only when one considers the samples from the westernmost and largest anomaly (307 samples only) that uranium correlates with Th; still there uranium correlates negatively with LOI (no links with organic matter content).

Geological Setting:
All the rocks in the area are of Archaean in age and belong to the Superior Province. One belt of volcanic rocks, regionally metamorphosed to lower amphibolite to upper greenschists 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). 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.

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); Map 2006-ON-01, included in this report. 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 and centimetres 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. by Blackburn (1979); 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.

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

- Bancroft Area, granitic pegmatites 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 thousand 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 (Tortosa and Langford, 1985). 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 this type of deposits. Fluorite and molybdenum are often associated with uranium.

- Rössing type deposits is 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 (Guilbert and Park, 1986). 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 operations 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.

Mineralization:
Of the 42 known occurrences in the Kenora Project area, the most important uranium occurrences are considered to be those with extensive previous work programs, high-grade uranium mineralization or strong geological potential to host economic mineralization. These are: the Richard Lake Mine (New Campbell Mines); and the Hawk Lake; Bee Lake; Peturson Lake; Game Lake (Coulee Lead and Zinc Mines); Kimber Lake; Cobble Lake and Corner Lake occurrences.

Timmins Uranium Project, Northeastern Ontario
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.

Dear Lake Basin Uranium Project, Newfoundland & Labrador
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.

Wawa Surluga Gold Project, Ontario

Project Description and Location:
The Surluga Property is located in the McMurray Township in the Algoma District of Northern Ontario, 2 km east of the town of Wawa, Ontario. The total coverage of the property is 2,345 hectares (172 claims). Over 95 percent of the property consists of leases and/or patents for both mineral and surface rights.

Accessibility, Climate, Local Resources, Infrastructure and Physiography
The Surluga Property is located 2 km east of the town of Wawa (population 5,000), Ontario. The

property has extensive local infrastructure including airport, railway, major highway, water, power lines, etc.

History
Between 1902 and 1991, over 120,000 ounces of gold were produced from the property, in eight separate mining operations. The most important mineralized zone on the property is the Jubilee-Surluga zone, a large-tonnage, lowgrade gold deposit. Attempts to selectively mine higher-grade sections within this low-grade zone were made in the 1950s, 1960s and 1980s, with limited success. A non 43-101 compliant historical resource estimate from 1997 is 525,000 ounces of gold with a grade of 1.75 grams per tonne gold (g/T Au) using a cutoff of 1.03 g/T Au, to a depth of 350 metres.

Geological Setting - The regional, local and property geology
Gold on the Surluga Property is associated with quartz veins and silicified sections within shear zones. The principal gold bearing structures on the Property are the Jubilee Shear Zone, the Parkhill Shear Zone, The Grace-Darwin Shear Zone and the Minto-Mariposa Vein. An estimate prepared in 1995 of the geological resource of the Surluga Mine on the Jubilee Shear Zone was 9,319,000 tonnes with a grade of 1.75 grams of gold per tonne at a cut-off grade of 1.03 grams of gold per tonne for a resource of almost 525,000 ounces of gold. This estimate was prepared prior to the introduction of National Instrument 43-101 and does not conform to the standards thereunder. The potential for the presence of diamonds has led to the concurrent exploration of diamonds and gold on the Property.

Exploration
Citadel has spent $20 million on exploration and development of the Surluge Property. Current resource has 525,000 oz. of gold including 9.3 million tonnes of mineralized material at a grade of 1.75 g/tone of gold.

Mineralization
The property has widespread gold mineralization with reserves and resources which could be mineable in mining areas with operating mills.

Diamonds have been discovered near the Surluga Property with 2 diamonds were recovered from alluvial gravels in 1992. Other companies have found diamonds on properties close to the Surluga Property.

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

3 months ended May 31, 2009

	2009 $	2008 $
General and administrative expenses		
Professional fees	61,068	10,000
Consulting fees	62,500	136,610
Salaries and benefits	258,458	190,810
Directors' fees	24,250	-
Stock-based compensation	386,121	165,824
General and office	129,947	96,623
Investor relations	28,341	95,278
Travel	18,869	92,903
Amortization	24,932	15,497
	994,486	803,546
Loss before the undernoted items	(994,486)	(803,546)
Interest income	2,170	61,565
Loss for the period	(992,315)	(741,981)

Summary of Quarterly Results

		Net income (loss)	
3 months ended	**Interest and other income**	**Total**	**Per share**
May 31, 2009	2,170	(992,486)	(0.034)
February 28, 2009	5,003	(872,881)	(0.030)
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	—	(108,805)	(0.050)
May 31, 2007	—	(3,842)	(0.000)

On November 9, 2007, the Company acquired the all of the issued and outstanding common shares of 4316282 Canada Inc. The net loss for the 3 months ended November 30, 2007 reflected the costs of commencing the operations of the Company and stock-based compensation of $771,110.

The net loss for the 3 months ended November 30, 2008 reflects stock-based compensation of $374,385 and a writedown of mineral resource properties of $204,000.

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 May 31, 2009, the Company had a working capital of $436,941, which is not sufficient to enable the Company to fund its operations and the acquisition and exploration of mineral resource properties. Without additional funding to meet existing obligations and to finance its operations and the acquisition and exploration of mineral resource properties, there is substantial doubt as to the Company's ability to continue as a going concern. The Company is actively seeking to raise the necessary capital to meet its funding requirements and announced its intention to complete a private placement of up to 4,470,000 units at a price of $0.10 per unit for gross proceeds of up to $447,000. Each unit will consist of one common share and one-half common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 for two years after the closing of the financing. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future, particularly in light of the current financial equity market conditions.

Commitments

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:

To earn 60% interest	**Option payments $**	**Common shares**	**Exploration expenditures $**
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
	600,000	800,000	3,000,000

In order to earn up to an 80% interesting the C3 Wheeler River uranium property, the Company must make option payments and incur exploration expenditures as follows:

To earn 60% interest	**Option payments $**	**Exploration expenditures $**
Paid	75,000	–
October 31, 2011	–	500,000
To increase to 80% interest		
October 31, 2012	100,000	500,000
	175,000	1,000,000

In order to earn its 60% interest in the Surluga gold property, the Company must make option payments, issue common shares and incur exploration expenditures as follows:

To earn 60% interest	Option payments $	Common shares	Exploration expenditures $
Paid/issued	100,000	250,000	–
April 16, 2010	–	250,000	500,000
April 16, 2011	–	250,000	1,500,000
April 16, 2012	–	250,000	2,000,000
April 16, 2013	–	–	4,000,000
	100,000	1,000,000	8,000,000

Currently, there is limited fieldwork under way at the Company's properties. Although the Company has planned fieldwork for the summer and required exploration expenditures of $500,000 by December 31, 2009 with respect to the Deer Lake option agreement, no fieldwork will be initiated until such time that a financing can be completed. It is likely that the Company will need to raise additional capital in the near term to fund its ongoing operations and exploration activities. Uncertainty exists as to the ability of the Company to raise additional capital as required. In that regard, the Company is currently involved in discussions to complete an equity financing. In the event that additional financing cannot be arranged, the Company will consider the negotiation of a deferral of the required expenditures for Deer Lake option agreement and additional cost reductions.

Transactions with Related Parties

	3 months ended May 31, 2009 $	2008 $
Mineral resource properties included consulting fees paid to a company controlled by a director of the Company	56,866	47,600
Consulting fees paid to company controlled by an officer of the Company	12,000	–
Management fees paid to three directors and officers	–	–
Salaries and benefits paid or payable to two directors and officers	149,000	120,000
Investor relations included consulting fees paid to a company controlled by a director of the Company	–	4,352

Accounts receivable includes $10,126 (2008 - $nil) advanced to a company controlled by two directors of the Company. Accounts payable and accrued liabilities includes $127,500 (2008 - $nil) owed to two directors and officers 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.

Proposed Transactions

The Company announced its intention to complete a private placement of up to 4,470,000 units at a price of $0.10 per unit for gross proceeds of up to $447,000. Each unit will consist of one common share and one-half common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 for two

years after the closing of the financing. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future, particularly in light of the current financial equity market conditions.

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, 2009, the Company adopted CICA Handbook Section 3031, "Inventories", which replaced 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 adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. 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.

The adoption of these new standards did not have an effect on the Company's consolidated financial statements.

Future Changes in Accounting Policies

On March 1, 2011, the Company will adopt CICA Handbook Section 1582, “Business Combinations”, which will replace Section 1581, “Business Combinations”. The new standard establishes standards for the recognition and measurement of identifiable assets acquired, liabilities assumed, non-controlling interest in the acquiree and goodwill acquired in a business combination.

On March 1, 2011, the Company will adopt CICA Handbook Sections 1601, “Consolidated Financial Statements” and Section 1602, “Non-controlling Interests”, which together, will replace section 1600, “Consolidated Financial Statements”. Section 1601establishes standards for the preparation of consolidated financial statements and Section 1602, establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

The Company does not expect the adoption of these new standards to have an effect on the Company’s consolidated financial statements.

International Financial Reporting Standards (“IFRS”)

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS on its financial statements. The Company has not completed development of its IFRS changeover plan, which will include project structure governance, resourcing and training, analysis of key GAAP differences and a phase plan to assess accounting policies under IFRS as well as potential IFRS 1 ("First Time Adoption of IFRS") exemptions. The Company hopes to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting and business activities, such as financing and compensation arrangements during 2009.

Financial Instruments and Other Instruments

The carrying value of cash and cash equivalents, receivables, and 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.

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 July 14, 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:
29,769,787 common shares.

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

Outstanding:

Exercise price	Options outstanding	Options exercisable	Expiry date
$1.00	1,800,000	1,800,000	November 20, 2012
$1.00	575,000	383,333	March 3, 2013
$1.00	1,770,000	230,000	July 9, 2013
$0.40	1,000,000	1,000,000	December 8, 2011
	5,145,000	3,413,333	

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.