



**MANAGEMENT DISCUSSIONS & ANALYSIS**

**THIRD QUARTER FINANCIAL STATEMENT**

***September 30, 2008***

***(Unaudited)***

# URAVAN MINERALS INC.

## MANAGEMENT DISCUSSIONS & ANALYSIS

Nine Months Ended September 30, 2008

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### Introduction

The following Management Discussions and Analysis (the "MD&A") for Uravan Minerals Inc. (the "Corporation" or "Uravan") incorporates the results of operations and financial information for the nine months ended September 30, 2008 and any other information that may be available up to November 27, 2008. This MD&A should be read in conjunction with the Annual Audited Financial Statements for the year ended December 31, 2007 and the related notes plus the Corporation's Interim Financial Statements for the three months ended March 31, 2008 and the six months ended June 30, 2008 and related notes respectively (the "Financial Statements"). The reader is encouraged to review the Corporation's statutory filings on [www.sedar.com](http://www.sedar.com).

### Results of Operations and Revenue

The Corporation is a development stage mineral exploration Corporation and currently derives no revenues from operations. The Corporation receives some revenue from interest on cash balances, interest, dividends, other income from marketable securities and management fees. Over the last eight most recently completed quarters most of the Corporation's operating capital has been generated from the sale of marketable securities, management fees and financing activities.

Although the sale of marketable securities is not the Corporation's primary business, this activity has provided gains on sale which has provided the funds to offset the Corporation's general administrative expenses and some mineral exploration activity.

In the three and nine months ended September 30, 2008, the Corporation realized a net loss after tax of \$687,437 and \$21,572 respectively (2007 – net income after tax of \$567,305 for the three months ended September 30 and net loss after tax of \$878,198 for the nine months ended September 30). Total income amounting to \$730,703 for the three months ended September 30, 2008 and \$2,514,580 for the nine months then ended (2007 - \$350,874 for the three months ended September 30, 2007 and \$932,099 for the nine months then ended) was received from the gain on disposal of marketable securities plus investment income and management fees. Total income was reduced by increases in general and administrative expenses, and unrealized losses on marketable securities.

The increase in income from 2007 was somewhat mitigated by increases in general and administrative expenses. The Corporation also incurred an unrealized loss on its portfolio of marketable securities of \$1,381,215 for the three months ended September 30, 2008 and \$1,851,784 for the nine months then ended (2007 – unrealized gain of \$405,469 for the three months ended September 30, 2007 and an unrealized loss of \$267,908 for the nine months then ended) as the carrying value of the Corporation's marketable securities differed from the market value of the marketable securities. The increase in unrealized loss from 2007 was caused by the adverse market conditions as at September 30, 2008. The Corporation holds an extensive portfolio of marketable securities that will continue to be affected by the current market conditions. The Corporation believes that there is and will continue to be opportunities to gain from short-term fluctuations in prices in the near term despite the current market conditions.

### *General and Administrative Expenses*

General and administrative ("G&A") expenses increased overall as compared to the general and administrative expenses incurred during the three and nine months ended September 30, 2007. The increase in general and administrative expenses was driven by increased costs relating to regulatory compliance, office operating cost and office rent.

The following table summarizes major categories of general and administrative expenses for the three and nine months ended September 30, 2008 and 2007. The Corporation did not capitalize any indirect general and administrative expenses in the three and nine months ended September 30, 2008 and 2007.

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Professional fees	\$ 31,159	\$ 32,045	\$ 102,756	\$ 78,691
Office	17,276	5,414	38,993	11,755
Rent	10,454	4,667	31,297	12,908
Insurance	4,575	-	19,208	2,000
Shareholder reporting	5,259	5,154	13,672	27,538
Stock exchange fees	-	-	9,275	8,979
Transfer agent fees	1,022	3,084	2,776	7,741
Interest and bank charges	1,872	2,186	2,596	2,454
	<u>\$ 71,618</u>	<u>\$ 52,550</u>	<u>\$ 220,571</u>	<u>\$ 152,066</u>

**Exploration Activity and Expenditures**

In the nine months ended September 30, 2008, the Corporation's exploration and property acquisition expenditures totaled \$1,551,145 (\$2,549,335 gross expenditures, net of \$998,190 reimbursement by Cameco – see exploration operations below) (year ended December 31, 2007 - \$2,738,901 (\$5,511,526 gross expenditures, net of \$2,772,625 reimbursement by Cameco – see exploration operations below). The majority of the Corporation's net exploration, geological and consulting expenditures was incurred on the Garry Lake project and other projects.

For details on exploration and acquisition costs incurred during the year ended December 31, 2007 see note 3 and Schedule 1 of the Financial Statements. The expenditures made by the Corporation during the nine months ended September 30, 2008 and the year ended December 31, 2007 is as follows:

	September 30, 2008	December 31, 2007
Property acquisition costs	\$ 30,205	\$ 309,931
Geological and consulting	2,519,130	5,201,595
	<u>2,549,335</u>	<u>5,511,526</u>
Less: Cameco recoveries	(998,190)	(2,772,625)
	<u>\$ 1,551,145</u>	<u>\$ 2,738,901</u>

See Schedule 1 of the Financial Statements for a breakdown of the costs incurred on a property by property basis.

**Historical Quarterly Results**

The following table summarizes pertinent quarterly financial information for the eight most recently completed quarters. All balance sheet information is presented as at the quarter end date.

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**Nine Months Ended September 30, 2008**

	Quarter Ended			
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Total revenue (1)	\$ 730,703	\$ 587,871	\$ 1,196,006	\$ 627,155
General and administrative expenses (2)	71,618	90,225	58,730	218,450
Management fee recoveries (3)	93,678	42,304	14,477	29,821
Net income (loss)	(687,437)	(24,377)	690,242	225,671
Net income (loss) per share	(0.026)	(0.001)	0.026	0.013
Capital expenditures (net)	374,667	990,909	185,569	247,622
Total assets	17,224,538	18,144,599	17,873,228	16,997,831
Working capital	9,421,314	10,565,127	11,265,414	10,572,738
Total long term financial liabilities	-	-	-	-
Common shares outstanding	26,707,614	26,707,614	26,707,614	26,607,614

	Quarter Ended			
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Total revenue (1)	\$ 350,874	\$ 338,608	\$ 242,617	\$ 621,714
General and administrative expenses (2)	52,550	69,928	29,590	65,148
Management fee recoveries (3)	209,825	141,392	18,812	21,566
Net income (loss)	567,305	(1,303,328)	(142,175)	368,219
Net income (loss) per share	0.021	(0.053)	(0.006)	0.011
Capital expenditures (net)	1,321,313	860,768	309,198	181,580
Total assets	16,585,837	15,575,317	12,843,601	13,853,561
Working capital	10,439,659	11,057,179	9,158,157	9,618,748
Total long term financial liabilities	-	-	-	-
Common shares outstanding	26,557,614	26,557,614	24,557,614	24,557,614

- (1) Total revenue consists of investment income, management fees and gain on disposal of marketable securities.
- (2) General & Administrative Expense before deducting management fees.
- (3) Total management fees consist of management fees received from Cameco as operator of the Boomerang Uranium Projects pursuant to the Boomerang Option Agreement.

Total assets and working capital as at December 31, 2007, September 30, 2007, June 30, 2007 and March 31, 2007 include marketable securities carried at market value. Total assets and working capital as at the quarter ended December 31, 2006 include marketable securities carried at the lower of cost and market.

**Financial Condition**

*Liquidity and Capital Resources*

As at September 30, 2008 the Corporation had \$9,421,214 in working capital (December 31, 2007 - \$10,572,738) obtained primarily from private placements that closed during the year ended December 31, 2005 and during the year ended December 31, 2007 (see below), the sale of marketable securities, and interest and dividend income.

The Corporation's working capital is held as cash and cash equivalents amounting to \$564,758 (December 31, 2007 - \$3,493,874), marketable securities with a market value of \$8,230,008 (December 31, 2007 - \$7,168,128), accounts receivable of \$759,611 (December 31, 2007 - \$207,075) and prepaids and deposits of \$22,610 (December 31, 2007 - \$27,908) less accounts payable and accrued liabilities of \$155,673 (December 31, 2007 - \$324,247).

The Corporation's short term investments and tradable securities can be liquidated on relatively short notice, if required.

The majority of the Corporation's working capital and its ability to fund exploration activities on its mineral properties are obtained either by joint venture arrangements and/or equity financings. One of the Corporation's primary objectives in 2008 and prior years has been to acquire mineral properties believed to have high exploration potential and, as a means to preserve working capital and defer exploration risk, seek and enter into joint venture arrangements with other third parties that can fund exploration to earn an interest on its existing projects or additional properties. As an exploration stage Corporation, with limited revenue stream, the Corporation carefully budgets exploration and administrative

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expenses, and closely monitors its cash 'burn rate' and cash position. The Corporation has also adopted a policy of utilizing funds to invest in marketable securities with a view to generating returns to assist in funding the Corporation's operating expenses.

### *Capitalization*

On January 23, 2008, the Corporation received regulatory approval to issue 100,000 common shares as settlement for the liability arising on the signing bonus payable to the Corporation's new president and chief operating officer which was included in accounts payable and accrued liabilities at December 31, 2007.

On April 18, 2008 the Corporation cancelled 1,605,000 stock options outstanding as described in note 6(f) to the financial statements. On May 23, 2008, the Corporation received shareholder approval to re-issue the 1,430,000 of the stock options previously cancelled with an exercise price of \$0.62 per share.

On April 20, 2008 the Corporation issued 270,000 stock options under the terms of its common share stock option plan. The stock options granted had an exercise price of \$0.60, a term of five years to expiry and vested immediately upon issuance.

On July 2, 2008 the Company issued 150,000 stock options under the terms of its common share stock option plan. The stock options granted had an exercise price of \$0.60, a term of five years to expiry and vest as to 1/3 on the first anniversary of grant, 1/3 on the second anniversary of grant and 1/3 on the third anniversary of grant.

During the nine months ended September 30, 2008, 500,000 of the Corporation's previously issued stock options have expired on the departure of certain of the Corporation's executives and board members.

Basic net loss per share for the three and nine months ended September 30, 2008 has been calculated using the weighted average number of common shares of 26,707,614 and 26,699,385 respectively (2007 – 26,557,614 for the three months ended September 30, 2007 and 25,319,519 for the nine months then ended) outstanding during the year. NIL (2007 – NIL) common shares have been added to the denominator in calculating diluted net loss per share for the dilutive effect of options outstanding in 2008 and 2007.

### **Current Financial Market Conditions and Risk Factors**

The recent global financial crisis has tightened liquidity in the financial markets and has damaged investor confidence in global equity markets, leading to significant declines in global market indices and negatively impacting the value of publicly-traded securities of many companies. The company has evaluated and summarized selected aspects of the company's business and financial condition that could be affected by these macro-economic conditions, as they currently exist.

While the market values of our investments in marketable securities, which consist primarily of investments in the common shares of publicly traded companies and exchange traded funds, have decreased from previous highs during the year, these investments have continued to generate earnings and/or dividends to the company, as applicable. The corporation believes that even with the current market conditions that the opportunity still exists to profit from the short-term fluctuations in market prices.

The current market conditions could adversely affect the Corporation's ability to raise capital if the need arose. We believe that internally generated cash flow and current cash and marketable securities balances will be sufficient to meet our anticipated capital expenditures and other cash requirements in 2008 and 2009, exclusive of any possible acquisitions. With the exception of current constraints in the commercial paper market at this time, we do not reasonably expect any presently known trend or uncertainty to affect our ability to access our historical sources of cash.

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### Future Financial Conditions and Risk Factors

The Corporation believes the continuing increase in the cost of securities reporting, regulatory compliance and audit and accounting fees remains a significant factor that could affect the future financial condition of the Corporation. The Corporation believes that these costs will continue to rise in ensuing years due to the constant change to regulatory reporting, corporate governance and compliance, interim and annual financial documentation and reporting.

Another area of financial risk to the Corporation is the steep rise in the cost to perform exploration activities throughout Canada and particularly in Canada's northern territories (NT and NU). Over the last five years exploration costs have risen significantly as the mineral industry struggles with the increased cost associated with land use permitting, the increased price of fuel and materials, a shortage of equipment and trained people and delays that result from these conditions.

A growing concern of the Corporation is the ability of the Federal Government land use regulators to issue land use permits ("LUP") for mineral exploration on the Corporation's mining claims in the NT and NU due to native land claim issues and growing opposition by environmental and special interest groups.

Factors that may positively or negatively impact the future financial condition and performance of the Corporation is the overall health of the global economies as the Corporation usually derives a significant portion of its working capital from public financings and trading marketable securities.

Other factors' that may affect the performance of the Corporation is the positive or negative movement in metal prices, which is strongly related to the health of the global markets, which affects the overall demand for metals. A decline in the metal prices would affect the availability of equity funds and the Corporation's ability to obtain exploration financing. Prior to the nine months ended September 30, 2008, the metal markets were at historic highs primarily driven by rapidly expanding Asian economies and the lack of investment in this sector. Recently metal demand has slowed dramatically due to a global economic slowdown created by high oil prices and the global financial crisis. The Corporation believes with the strong underlying secular growth trend in the emerging market economies, such as India and China, and the continuing lack of long term investment in this sector, metal prices will recovery rapidly and will continue to appreciate over the next several years.

The uranium market is one area where the Corporation has been affected positively. Uranium spot prices have risen rapidly, going from US\$7.10 per pound  $U_3O_8$  in 2000, reaching a high of US\$136 per pound  $U_3O_8$  in mid-June 2007. From mid 2007 the spot uranium price has retraced much of its gain and has settled back to US\$55.00 per pound recently. The Corporation believes the current uranium spot market prices will rise and stabilize in a narrow band of US\$85 to US\$95 per pound, which the Corporation believes is the level required to bring new primary supply of natural uranium to production. The key to stabilizing the uranium market will come from utility buyers seeking to backfill inventory needs. It is the Corporations belief that the primary demand for uranium will be driven by China and India in combination with the lack of investment in this sector. A positive trend in uranium prices will greatly assist the Corporation in any funding required for current and future exploration activity on its Boomerang and Garry Lake uranium projects and other newly acquired uranium properties or opportunities.

The Corporation plans to aggressively pursue further exploration of its Boomerang Uranium Project with its joint venture partner Cameco, its Garry Lake Uranium Project and to evaluate and acquire other uranium opportunities. This planned activity is subject to the maintenance of the continuing rise in uranium prices, the availability of equipment and personnel and timely government land use permitting.

### Contractual Obligations

In addition to the mineral property exploration and development expenditures required, as described in note 3 to the financial statements and below, the Corporation has entered into a lease for office space requiring minimum annual lease payments, including estimated occupancy costs, of \$41,820 until expiry on October 31, 2011.

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Other mineral property obligations the Corporation has are the Boomerang lease fees (Boom 1-5 Leases) amounting to \$10,055 due annually plus minimum work commitments on the adjoining claims (collectively the "Boomerang Project") of \$1,305,743 for 2008 and annually each year thereafter through the remaining life of the claims. To September 30, 2008, the necessary minimum work commitments had been completed on these properties. The annual lease fees and the 2008 work commitments on the adjoining claims are expected to be majority funded through the Cameco Option Agreement.

Other mineral property obligations the Corporation has are its minimum work commitments on its Garry Lake claims amounting to \$2,262,582 due in 2008, \$2,233,653 due in 2009, and \$1,709,376 due annually each year thereafter for the remaining life of the claims. To September 30, 2008, the Corporation has made exploration expenditures of \$3,487,054 on the Garry Lake claims.

The Corporation also must make minimum work commitments on its Thelon SW basin claims staked effective July 11, 2006, amounting to \$931,766 due by July 2008 and \$465,883 annually each year thereafter over the remaining life of the claims.

The Corporation is also required to make \$161,213 of annual minimum expenditures on its Rottenstone property. The Corporation has excess expenditures of \$1,083,888 remaining to the credit of the mineral dispositions on the Rottenstone property which may be used towards future exploration and development work requirements.

**Transactions with Related Parties**

Mineral properties and deferred costs includes \$226,949 (December 31, 2007 - \$62,338) of consulting and other fees paid to corporations controlled by officers and directors. Of this amount, \$70,338 (2007 - \$37,649) is included in accounts payable and accrued liabilities at September 30, 2008 and is due under normal credit terms.

Mineral properties and deferred costs includes \$59,563 (December 31, 2007 - \$123,800) of consulting and other fees paid to corporations controlled by officers and directors. Of these amounts, \$15,938 (2007 - \$12,720) is included in accounts payable and accrued liabilities at September 30, 2008 and is due under normal credit terms. These consulting and other fees relate to geological expenditures that are fully recoverable under the Cameco First Option agreement.

General and administrative expenses includes \$49,730 (September 30, 2007 - \$42,975) of consulting and other fees paid to corporations controlled by directors and officers. Of this amount, \$14,825 (December 31, 2007 - \$13,772) is included in accounts payable and accrued liabilities at September 30, 2008 and is due under normal credit terms.

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.

**Off-Balance Sheet Arrangements**

The Corporation has no "off-balance sheet arrangements".

**Proposed Transactions**

In the normal course of business, the Corporation from time to time conducts geological reconnaissance and property evaluation for possible acquisition and considers proposals from other companies for optioning its own properties. These potential acquisitions and proposals, which are generally subject to Board, regulatory and possibly shareholder approvals, may involve future payments, share issuance and property work commitments or the reduction of its existing mineral interest. These future obligations or option proposals are usually contingent in nature and generally the Corporation controls the obligations it wants to incur or proposals it wished to continue with.

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### Critical Accounting Estimates

Critical accounting estimates are assumptions made by the Corporation about matters that are highly uncertain at the time the accounting assumption is made. Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, the fair value of certain assets; recoverability of mineral properties and deferred costs; environmental and asset retirement obligations; stock-based compensation; and income taxes. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

### Management Report on Financial Statements

The accompanying Financial Statements and related financial information are the responsibility of Uravan management and have been prepared in accordance with accounting principles generally accepted in Canada and include amounts based on estimates and judgments. Financial information included elsewhere in this report is consistent with the financial statements.

Our independent registered chartered accountants, Collins Barrow Calgary LLP, provided an audit of the annual Financial Statements, as reflected in their report for the years ended December 31, 2007 and 2006.

The Financial Statements are approved by the Board of Directors as a whole acting as the audit committee. The interim Financial Statements and MD&A are also analyzed by the Board of Directors together with management and the independent registered chartered accountants and are approved by the Board of Directors. In addition, the Board of Directors as audit committee has the duty to review critical accounting policies and significant estimates and judgments underlying the Financial Statements as presented by management, and to approve the fees of the independent registered chartered accountants.

Collins Barrow Calgary LLP has full and independent access to the audit committee to discuss their audit and related matters.

### Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Corporation is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Corporation's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of December 31, 2007, that the Corporation's disclosure controls and procedures are effective to provide reasonable assurance that material information related to Uravan, is made known to them by employees or third party consultants working for the Corporation. There have been no changes to the Corporation's disclosure controls and procedures during the three and nine months ended September 30, 2008.

It should be noted that while the Corporation's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

### Internal Control over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order 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. We assessed the design of our internal control over financial reporting as of December 31, 2007. There have been no changes to the Corporation's internal controls over financial reporting during the three and nine months ended September 30, 2008.



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During this process, management identified certain material weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff of Uravan, it is not possible to achieve a complete segregation of duties for incompatible duties;
- Due to the limited number of staff, Uravan does not have technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise; and
- Many of Uravan's information systems are subject to general control deficiencies including a lack of effective controls over spreadsheets, access and documentation.

These weaknesses in Uravan's internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the Board of Directors work to mitigate the risk of a material misstatement in financial reporting by segregating duties as much as possible under the current circumstances. In addition, when complex accounting and technical issues arise during preparation of monthly and quarterly financial statements, outside consulting expertise is engaged. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

### **Changes in Accounting Policies Including Initial Adoption**

The following new accounting policies were adopted during the nine months ended September 30, 2008 by the Corporation:

#### *Inventories*

In June 2007, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3031, "Inventories", which replaces Section 3030 and harmonizes the Canadian standard related to inventories with International Financial Reporting Standards ("IFRS"). This Section provides more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; restricts the classification of spare and replacement parts as inventory; requires impairment testing; and expands the disclosure requirements to increase transparency. This Section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. This standard has been applied prospectively; accordingly comparative amounts for prior periods have not been restated. The adoption of this standard did not have an impact on the Corporation's financial statements.

#### *Financial Instruments*

Effective January 1, 2008, the Corporation adopted CICA Section 3863, "Financial Instruments— Presentation" and CICA Section 3862, "Financial Instruments — Disclosures", which increases harmonization with IFRS. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities are offset. Section 3862 provides expanded disclosure requirements that call for additional detail by financial asset and liability categories. The applicable disclosures required under these standards are included in Note 2 to the financial statements and below.

#### *Capital Disclosures*

Effective January 1, 2008, the Corporation adopted CICA Section 1535, "Capital Disclosures". This pronouncement increases harmonization with IFRS by establishing standards for disclosing information about an entity's capital and capital management. The Corporation's adoption of Section 1535 has resulted in the capital management disclosure set forth in Note 4 to the financial statements and below.

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### Recent Accounting Pronouncements

#### *International Financial Reporting Standards*

In April 2008, the CICA published the exposure draft "Adopting IFRS in Canada". The exposure draft proposes to incorporate IFRS into the CICA Accounting Handbook effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRS. The Corporation is currently reviewing the standards to determine the potential impact on its financial statements. See below for further discussion on the transition to IFRS.

#### *Goodwill and Intangible Assets*

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The purpose of these sections is to provide more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The sections harmonize Canadian standards with IFRS and apply to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The sections are not expected to have an impact on the Corporation's financial statements.

### International Financial Reporting Standards

In April 2008, the CICA published the exposure draft "Adopting IFRSs in Canada". The exposure draft proposes to incorporate the IFRSs into the CICA Accounting Handbook effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRSs. The exposure draft makes possible the early adoption of IFRSs by Canadian entities.

In June 2008, the Canadian Securities Administrators ("CSA") published a staff notice that stated it is prepared to recommend exemptive relief on a case by case basis to permit a domestic Canadian issuer to prepare its financial statements in accordance with IFRSs for a financial period beginning before January 1, 2011. We do not anticipate adopting IFRSs earlier than the mandatory adoption deadline of January 1, 2011.

The Corporation has commenced the process to transition from current Canadian GAAP to IFRSs. The transition will be lead by establishing a project team that will be led by finance management, and will include representatives from various areas of the organization as necessary to plan for and achieve a smooth transition to IFRSs. Regular progress reporting to the audit committee of the Board of Directors on the status of the IFRSs implementation project will be instituted.

The implementation project will consists of three primary phases, which in certain cases will be in process concurrently as IFRSs is applied to specific areas from start to finish:

- Scoping and diagnostic phase — This phase involves performing a high-level impact assessment to identify key areas that may be impacted by the transition to IFRSs. As a result of these procedures the potentially affected areas are ranked as high, medium or low priority.
- Impact analysis, evaluation and design phase — In this phase, each area identified from the scoping and diagnostic phase will be addressed in order of descending priority, with project teams established as deemed necessary. This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRSs and development of draft IFRSs financial statement content.
- Implementation and review phase — This phase includes execution of changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy

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changes and training programs across the Corporation's finance and other staff, as necessary. It will culminate in the collection of financial information necessary to compile IFRSs-compliant financial statements, embedding IFRSs in business processes, elimination of any unnecessary data collection processes and audit committee approval of IFRSs financial statements. Implementation also involves delivery of further training to staff as revised systems begin to take effect.

The Corporation is currently completing the scoping and diagnostic phase. The Corporation's preliminary analysis of IFRSs and comparison with currently applied accounting principles has identified a number of differences. Many of the differences identified are not expected to have a material impact on the reported results and financial position. However, there may be significant changes following from the IFRSs accounting principles and provisions for first time adoption of IFRSs on certain areas. The Corporation has not yet determined the full effects of adopting IFRSs.

Most adjustments required on transition to IFRSs will be made, retrospectively, against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time. Transitional adjustments relating to those standards where comparative figures are not required to be restated will only be made as of the first day of the year of adoption. IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRSs for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRSs. The Corporation is analyzing the various accounting policy choices available and will implement those determined to be most appropriate in the Corporation's circumstances.

Set out below are the key areas where changes in accounting policies are expected that may impact the Corporation's financial statements. The list and comments below should not be regarded as a complete list of changes that will result from transition to IFRSs. It is intended to highlight those areas we believe to be most significant; however, analysis of changes is still in process and not all decisions have been made where choices of accounting policies are available. We note that the regulatory bodies that promulgate Canadian GAAP and IFRSs have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRSs and their impact on the Corporation's financial statements in future years. The future impacts of IFRSs will also depend on the particular circumstances prevailing in those years. The differences described below are those existing based on Canadian GAAP and IFRSs today. At this stage, the Corporation is not able to reliably quantify the impacts expected on its financial statements for these differences.

### *Impairment of Assets*

Canadian GAAP generally uses a two-step approach to impairment testing: firstly comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. International Accounting Standard ("IAS") 36, "Impairment of Assets", uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in more write-downs where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. However, the extent of any new write-downs may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses where circumstances have changed such that the impairments have reduced. Canadian GAAP prohibits reversal of impairment losses.

### *Share-Based Payments*

IFRS 2, "Share-Based Payments", requires that cash-settled share-based payments to employees be measured (both initially and at each reporting date) based on fair values of the awards. Canadian GAAP on the other hand requires that such payments be measured based on intrinsic values of the awards.

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### *Provisions (Including Asset Retirement Obligations)*

IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", requires a provision to be recognized when: there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation. "Probable" in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is "likely", which is a higher threshold than "probable". Therefore, it is possible that there may be some contingent liabilities which would meet the recognition criteria under IFRSs that were not recognized under Canadian GAAP.

Other differences between IFRSs and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRSs uses the mid-point of the range, whereas Canadian GAAP uses the low-end of the range), and the requirement under IFRS for provisions to be discounted where material.

### *Income Taxes*

IAS 12, "Income Taxes", currently requires income tax to be charged (or credited) directly to equity (Other Comprehensive Income) if the tax relates to items that are credited (or charged), in the same or a different period, directly to equity. Under Canadian GAAP, only the income tax relating to items credited (or charged) directly to equity in the same period is charged (or credited) directly to equity. This change may result in some income tax effects being recognized directly in equity rather than through net income or loss. This GAAP difference is currently being addressed as part of the International Accounting Standards Board's project on Income Tax.

### **Financial Assets and Liabilities and Related Risk Management**

The Corporation designated its portfolio of marketable securities as held-for-trading. The Corporation's portfolio of marketable securities is held with the objective of generating a profit from short term fluctuations in the market prices of the securities. The Corporation's marketable securities are carried at fair value on the balance sheet, with any changes in the fair value of held-for-trading financial assets recognized in the statement of loss.

The fair value of marketable securities which are investments in equity securities and other investments designated as held-for-trading, is based on the closing price of the securities as of the balance sheet date. The fair values of accounts receivable, deposits, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

The Corporation's cash and cash equivalents are also classified as held-for-trading. The Corporation's portfolio of marketable securities and cash and cash equivalents are carried at fair value on the balance sheet. The Corporation designated its accounts receivable and deposits as loans and other receivables. The Corporation's accounts payable and accrued liabilities are classified as other financial liabilities.

The Corporation is exposed in varying degrees to a variety of financial risks from its use of financial instruments: credit risk, liquidity risk and market risk. The source of risk exposure and how each is managed is outlined below.

### **Credit Risk**

The Corporation is exposed to credit risk on its cash and cash equivalents, accounts receivable and deposits. At September 30, 2008, the maximum exposure to credit risk, as represented by the carrying amount of the financial assets, was:

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	<b>September 30, 2008</b>
Cash and equivalents	\$ 564,758
Accounts receivable	759,611
Deposits	19,000
	<u>\$ 1,343,369</u>

Accounts receivable is comprised of both trade and non-trade accounts. Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost less allowance for doubtful accounts. An allowance for doubtful accounts is established when there is a reasonable expectation that the Corporation will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the trade accounts receivable is reduced through the use of the allowance account, and the amount of any increase in the allowance is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

Trade accounts receivable relate to amounts due from Cameco Corporation pursuant to the Boomerang Property Option agreement described in note 3(b) to the financial statements. Non-trade accounts receivable relate to dividends and other distributions accrued on the Corporation's portfolio of marketable securities and GST receivable. Deposits consist of assessment work prepayments made with the department of Indian and Northern Affairs Canada.

The Corporation does not hold any collateral as security. As at September 30, 2008, the Corporation did not have any past due or impaired accounts receivable.

***Liquidity Risk***

Liquidity risk arises from our general funding needs and in the management of the Corporation's assets, liabilities and mineral property expenditure requirements. The Corporation manages its liquidity risk to maintain sufficient liquid financial resources meet its commitments and obligations as they come due in a cost-effective manner. In managing its liquidity risk, the Corporation has access to its cash and equivalents and to the Corporation's portfolio of marketable securities.

All of the Corporation's financial liabilities, being the balance of accounts payable and accrued liabilities, are due within the current year. The Corporation does not have any contractual financial liabilities with payments required beyond the current year.

***Market Risks***

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the Corporation is exposed are foreign currency exchange risk, interest rate risk and price risk (related to equity securities). The objective of market risk management is to manage and control risk exposure within acceptable limits to maximize returns.

***Foreign Exchange Risk***

The Corporation is exposed to foreign currency exchange risk relating to US dollar denominated equity securities that trade on US exchanges and are held in the Corporation's portfolio of marketable securities. The following table shows the Corporation's exposure to currency exchange risk and the pre-tax effects on income of reasonably possible changes in the relevant foreign currency. This analysis assumes all other variables remain constant.

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	Carrying Amount of Asset at September 30, 2008	Foreign Exchange Risk Income effect of	
		5% increase in US dollar	5% decrease in US dollar
Held-for-trading marketable securities denominated in Canadian dollars	<u>\$ 6,327,949</u>	<u>\$ (316,397)</u>	<u>\$ 316,397</u>

*Interest Rate Risk*

With respect to cash and cash equivalents, the Corporation's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving an acceptable return.

Included in the Corporation's held-for-trading marketable securities is an investment in a fixed rate convertible debenture with a carrying value at September 30, 2008 of \$40,500. The income impact of any change in interest rates on the debenture would be negligible.

*Price Risk*

The Corporation is also exposed to equity securities price risk because of its exchange-traded held-for-trading marketable securities. These investments are held with the objective of generating a profit from short term fluctuations in the market prices of the securities.

The following table shows the Corporation's exposure to price risk and the pre-tax effects on net income of reasonably possible changes in the relevant securities prices. This analysis assumes all other variables remain constant.

	Carrying Amount of Asset at September 30, 2008	Price Risk Income effect of	
		10% decrease in prices	10% increase in prices
Held-for-trading marketable securities	<u>\$ 8,230,008</u>	<u>\$ (823,001)</u>	<u>\$ 823,001</u>

The sensitivity analyses included in the tables above should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to period-end balances and will change due to fluctuations in the balances throughout the year. In addition, for the purpose of the sensitivity analyses, the effect of a variation in a particular assumption on the fair value of the financial instrument was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

***Supplemental Disclosures***

The fair value of marketable securities which are investments in equity securities and other investments designated as held-for-trading, is based on the closing price of the securities as of the balance sheet date. The fair values of accounts receivable, deposits, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

Financial assets are recognized initially at fair value, normally being the transaction price plus, other than for held-for-trading assets, directly attributable transaction costs.

Regular way purchases and sales of financial assets are recognized on the settlement date, the date on which the Corporation receives or delivers the asset.

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## MANAGEMENT DISCUSSIONS & ANALYSIS

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### Risks and Uncertainties - Environmental, Regulatory, Capital Markets, Investment Activities and Others

The Corporation operates as a mineral explorer in the mining industry that is Canada wide in scope. Mineral exploration involves considerable financial and technical risk. Substantial time and expenditures are usually required to make an economic mineral discovery and to establish economic ore reserves. It is impossible to assure that the current exploration properties and programs planned by the Corporation will result in an economic mineral discovery and development. Accordingly, success in achieving the objectives of the Corporation is affected by many circumstances over which the Corporation has no control. There is inherent risk in the exploration for mineral resources that is unavoidable. Also, there are risks associated with political instability, the impact of commodity prices on the valuation of mineral properties and share prices and general changes in economic conditions and the ability of the Corporation to obtain Land Use Permits (LUP) on its mineral properties.

The Corporation's mineral exploration activities have to be financed either through joint ventures or in the capital markets through the sale of its Common Shares. The ability of the Corporation to raise exploration funds in the capital markets is highly dependent on the value the market places on the Corporation's mineral properties and the strength of the metal markets. The value the market places on the Corporation's mineral exploration properties is directly related to the grade and thickness of the contain mineralization being reported and the potential to develop these mineral values into an economic deposit.

The Corporation has adopted a policy of investing in marketable securities with a view to generating returns to assist in funding the Corporation's operating expenses. There is no guarantee that such investments will generate positive returns. There is a risk that the Corporation may, from time to time, incur losses on these investments, which could compromise the Corporation's funding plans.

The Corporation holds an extensive portfolio of marketable securities that will continue to be affected by the current market conditions. The Corporation believes that there is and will continue to be opportunities to gain from short-term fluctuations in prices in the near term despite the current market conditions. The current market conditions could adversely affect the Corporation's ability to raise capital if the need arose.

### Management and Corporate Matters

The Corporation is dependent on a small number of key personnel. The loss of any of these people could have an adverse affect on the Corporation. On December 1, 2007 the Corporation's new President and Chief Operating Officer, Mr. James Marlatt became active with the Corporation.

### Nature of Operations

The Corporation is an R&D uranium exploration company. The Corporation's vision is to establish itself as **The Idea Factory** where it can innovate and invent itself as a niche uranium company. The Corporation has focused on global exploration at technology frontiers to facilitate the discovery of large high grade uranium deposits. The Corporation's objective is to create shareholder value through selective high quality uranium property acquisitions in Canada and specific areas globally. With the development of innovative applied research and exploration techniques, the Corporation hopes to reach economic discovery quicker and more cost effectively. The goal is the discovery of an economic uranium mineralized intersection on at least one-in-three exploration projects explored. By developing innovative exploration techniques, the Corporation hopes to reduce, by two-thirds, the number of drill holes required to get to that discovery.

To achieve these goals:

- The Corporation has assembled a highly experienced core technical, and management team of uranium exploration specialists;
- developed a network of experienced exploration consultants;
- and has entered into a long-term collaborative applied uranium exploration research and development program with Dr. Kurt Kyser and the Queen's University Facility for Isotope Research.

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To accomplish this vision, the Corporation needs to link its strong uranium exploration capacity with strong equity partners. The Corporation's desire is to secure long term exploration funding through partnering, thereby freeing its technical capital from short term momentum driven market volatility and uncertainty.

The Corporation's mineral exploration and property acquisition activity has been historically directed toward the geological reconnaissance and interpretation of historical data for the evaluation of new areas for possible acquisition, primarily for uranium, and with a lesser focus on nickel-copper-platinum group element (Ni-Cu-PGM) deposits. The Corporation's principal assets are its Boomerang Uranium Project, Garry Lake Uranium Project, and the Rottenstone Nickel-Copper-PGM Project. All of the mineral properties that the Corporation owns are considered to be in the exploration stage in which no known body of commercial ore has been developed yet.

### **Property Summary and Exploration Update**

In the first nine months ending September 30 2008 the Corporation has focused on planning and implementing exploration work on its Boomerang uranium project located in the southwest Thelon Basin, NT and its Garry Lake uranium project located in the northeast Thelon Basin, NU.

### **Boomerang Lake Uranium Project**

The extensive Boomerang uranium property is located about 478 kilometers east of Yellowknife, NT and consists of 5 mineral leases and 253 contiguous mining claims covering about 647,003 acres located along the southwestern margin of the Thelon Basin, NT. The Boomerang Property is accessed by ski/wheeled- and float-equipped fixed wing aircraft during winter and summer exploration programs, respectively. The Boomerang Property straddles the southwestern edge of the Thelon Basin edge for about 90 kilometers in a north-south direction and extends into the basin from the basin edge for distances between 7 and 25 kilometers.

In July 2006, Cameco and the Corporation jointly acquired (on a 50-50 basis) an additional 88 contiguous mining claims consisting of 227,260 acres covering the basement geology adjacent to the most southwestern Boomerang Property claim block described above. This staking effort was part of a larger land acquisition program designed to cover prospective basement geology adjacent and adjoining the Boomerang Property.

Exploration is focused on the discovery of large, high grade, unconformity related uranium deposits in the Thelon sandstone basin environment that represents a setting that is analogous to the prolific mineralized Athabasca sandstone basin environment in Saskatchewan.

Previous exploration on lands now covered by the Boomerang uranium property was conducted by Urangesellschaft Canada Ltd between 1976 and 1984, and PNC (Canada) Exploration Co. Ltd. in 1990 and 1992. Significant results were obtained with the intersection of 0.5 meter grading 0.50% U<sub>3</sub>O<sub>8</sub>, 22.4 g/t Au, and 12.3 g/t Ag at the faulted unconformity contact, at the base of the Thelon sandstone, coincident with a graphite hosting basement and geophysical conductive corridor, representing the target horizon for future drilling. These companies drilled a total of 51 drill holes for a total of 6336.7 m.

In June 1998, the Corporation assumed control of the five Boomerang mineral leases and completed 10 vertical NQ-diamond drill holes totaling 1322.4 meters. This drilling program was designed to confirm the continuity and orientation of the historical mineralized intersection and to test this mineralized conductor and surrounding conductors for the presence of larger mineralized zones. Drill hole BL-98-52 intersected mineralization immediately beneath the unconformity: 1.0 meter (83.5-84.5 meters) grading 595 ppm U, 10.17 g/t Au, 5.7 g/t Ag, 358 ppb Pt and 497 ppb Pd. Within the former interval, there is a subunit, 84.0-85.0 meters grading +1.0% As, 0.36% Ni, 0.61% Co and 419.5 ppm Cu.

On January 1, 2005, the Corporation and Cameco entered into the Boomerang option agreement whereby Cameco was granted an option to earn an aggregate 60% interest in the Corporation's 100% owned Boomerang project property by funding a cumulative ten million dollars (\$10,000,000) in exploration expenditures. The agreement consists of two options: (1) the first option granted Cameco the exclusive right to earn a 51% interest in the Boomerang project property



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by funding \$6,000,000 in exploration expenditures over six years and (2) the second option grants Cameco the exclusive right to earn an additional 9% interest in the Boomerang project property by funding an additional \$4,000,000 in exploration expenditures. Upon Cameco earning either a 51% or 60% interest, a joint venture will be formed between Cameco and the Corporation with the parties funding their pro-rata share of future exploration expenditures. The Corporation is currently the operator with the responsibility to plan, organize and carry out Annual Exploration Programs on behalf of Cameco. Cameco has fund 100% of the exploration expenditures to the extent of its minimum earn-in amount.

In 2005, Cameco funded \$1,003,540 in exploration expenditures and in 2006 a further \$2,198,237 was incurred. Through the twelve months ended in December 31, 2007, Cameco has funded additional exploration expenditures amounting to \$2,772,625 resulting in an aggregated expenditure of \$5,974,402 incurred on the Boomerang project. During the three months ended March 31, 2008, Cameco fulfilled its expenditure obligations under the First Option to acquire 51% in the Boomerang and Thelon Basin properties as described above. On May 27, 2008, Cameco committed to incur an additional \$4,000,000 in exploration expenditures to earn an additional 9% interest in the Boomerang property pursuant to the Second Option of Boomerang Option Agreement.

Through the nine months ended September 30, 2008, Cameco has incurred an aggregate expenditure of \$998,190 on the Boomerang project. On November 3, 2008, Cameco subsequently notified the Corporation that they would not pursue the Second Option, based on their own budgetary reasons. However, under the terms of the Boomerang Option Agreement, Cameco will be responsible for funding the entire 2008 Program and Budget exploration costs up to December 31, 2008 and the cost that have accrued based on work in progress as a result of Cameco's prior commitment to fulfill the Second Option, as described above. Effective November 1, 2008, a Joint Venture will be consummated between Cameco and the Corporation based on the parties (collectively Cameco and Uravan) respective cost share of 51% and 49%. It was agreed by Cameco that the Corporation will remain as Operator of the Boomerang Joint Venture.

The historical exploration expenditures for the Boomerang property are presented in Table 1.

Year	Expenditure (C\$)
1998	900,000
2005	1,003,540
2006	2,198,237
2007	2,772,625
2008	998,190
<b>Total</b>	<b>7,872,592</b>

Table 1: Boomerang Lake Uranium Project: Historical Exploration Expenditures

The historical exploration work carried out on the Boomerang property by Uravan and Cameco are presented in Table 2 below.

Exploration Program	1998	2005	2006	2007	2008	Statistics
Property Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			5 mineral leases; 253 claims; 647,003 acres
Cameco Enters Option Agreement	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		Cameco earns 51% Joint Venture interest in 2008
Compilation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6,800 historical lake water & sediments; 2,559 soils
Airborne Geophysics		<input type="checkbox"/>	<input type="checkbox"/>			7,374 line km electromagnetic; 11,396 line km magnetic; 11,194 line km radiometrics

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Ground Geophysics			<input type="checkbox"/>	<input type="checkbox"/>		288 line km electromagnetic
Geological Mapping				<input type="checkbox"/>	<input type="checkbox"/>	54 man-days
Collaborative Research				<input type="checkbox"/>	<input type="checkbox"/>	PhD researcher engaged
Surface Geochemistry				<input type="checkbox"/>	<input type="checkbox"/>	659 lake waters; 852 soils; 3535 vegetation
Drilling	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		23 drill holes; 4763 m

Table 2: Boomerang Lake Uranium Project: Historical Exploration Summary

During Cameo's First Option earn-in period from 2005 through 2008, a comprehensive exploration program was conducted. The program included extensive airborne geophysical surveys, ground geophysical survey follow-up, regional geochemical sampling, geological mapping, and on-going compilation of historical data, drilling, and the development of innovative applied exploration technologies.

The highlight of the geophysical work to date is the identification of the F- and G- conductive trends (including the G-extension and H series conductors) that are two major sub parallel basement-hosted electromagnetic conductive anomalies that were identified from the 2005 and 2006 airborne electromagnetic geophysical survey.

Based on the interpretive work from the merged 2005 and 2006 electromagnetic geophysical data, both anomalous conductive trends have substantial strike lengths, individually measuring >50 kilometers and striking in a northeast direction across the entire northern Boomerang uranium property.

The F- and G-conductive trends (including their extensions) are 2 to 3 kilometers wide and lie within broader structural corridors that are comprised in part of prospective graphite-bearing pelitic metasedimentary basement rocks that underlie sandstones of the Thelon Basin. The F- and G- conductive trends (including their extensions) are interpreted to be major basement-hosted conductive anomalies that have the potential to host unconformity-type uranium deposits analogous to the high-grade unconformity uranium deposits of the Athabasca Basin.

The compilation of the vast amount of historical geochemical data collected from the South Boomerang surface geochemical surveys, resulted in the identification of 7 trends that display favorable enrichments of pathfinder elements in vegetation and/or lake waters. The 7 trends that emerged are coincident with and support other favorable geological and geophysical trends, thereby upgrading and prioritizing these trends for further investigation and/or drilling.

Reconnaissance diamond drilling was initiated on the Boomerang uranium property during 2006 and 2007. The 2006 and 2007 drill programs explored about eight (8) kilometers of the > 50 kilometer long corridor that includes the G-Trend and its laterally continuous G-Extension to the northeast.

The reconnaissance diamond drill holes were located on pre-selected geophysical cross sections through the F- and G-conductive trends based on a follow-up ground electromagnetic geophysical surveys. During 2006, six (6) widely-spaced inclined drill holes were completed; three drill holes in each trend, totaling 1558.7 meters drilled. During 2007, five (5) drill holes totaling 1882.4 ml tested on 'peak' conductive features on a widely-spaced drill pattern. Uranium mineralization was not intersected. The reconnaissance drill holes were positioned to intersect conductive geophysical structures in the basement and interpreted structural zones in the Thelon sandstone, both critical elements in the search for high-grade uranium deposits positioned at the unconformity and within the basement beneath the unconformity. All drill holes were sampled intensively and submitted for major oxides and trace element analysis and clay mineralogy. Data synthesis, and applied research, is on-going in preparation for future drilling programs.

In July 2008, the Corporation and its joint exploration partner Cameco completed a multi-faceted 600 square kilometer surface soil and vegetation sampling program covering the northern part of its Boomerang uranium project. Approximately 852 soil and 2433 vegetation samples were collected based on a pre-established grid, with grid spacing of 500 meters X 500 meters. All grids were designed to cover substantial surface corridors over the G-, F-, H4 & 5 series- and Edge-conductive trends plus over the T-grid, a new anomalous area identified in 2007. The analytical results of this

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surface sampling program is designed to determine and locate uranium pathfinder geochemical anomalies and trends in order to provide specific drill hole targeting through geochemical vectoring towards uranium mineralized bedrock sources. The geochemical analysis of these samples is currently in progress.

Diamond drilling on the Boomerang project is scheduled to re-commence as early as 2009; dependant on obtaining an approved Land Use Permit. It is anticipated that this new surface geochemical data base and technology will provide enhanced imaging, thereby highlighting specific 'peak' conductive anomalies for drill hole targeting along the F-, G-, H series- and Edge-conductors and other 'off conductor' anomalies.

Due to the high cost of drilling in frontier exploration areas, such as the Boomerang project, better drill-hole vectoring is essential. Given the more subtle geophysical signatures associated with geochemical trends in the South Boomerang area and the aerially extensive (>100 km) but robust EM geophysical anomalies in the North Boomerang area, better remote sensing methods are required to narrow the exploration window in these very favorable geological terrains. The Corporation is seeking to develop innovative exploration techniques using geochemistry and biogeochemistry to help prioritize and improve drill-hole vectoring methods. The Corporation believes that the integration of geochemical surveys with the existing geophysical data base has the potential to generate high priority areas for further delineation and/or drill testing. The pioneering of innovative geochemical and biogeochemical methods could potentially narrow the exploration window of high profile conductive corridors and off-conductor favorable terrain thereby reducing the number of drill-holes to discovery.

It is the Corporation's objective to increase the drilling season on the Boomerang project from the current 2 to 3 months to 6 months (April – September), reduce the use of aircraft by developing a land-based operation and to increase the efficiency of the drilling operation with the use of owner operated drilling equipment and personnel. This strategy will be developed with the objective to increase the meters drilled per season, cost effectively, from the current 1700 meter average to +5000 meter average.

### **Boomerang Project Land Use Permitting**

The Corporation held an approved Land Use Permit (LUP) for its Boomerang project, which expired in May 2008. In April 2007, the Corporation submitted two new LUP applications to the Mackenzie Valley Land and Water Board (MVLWB) to provide drilling access to favorable un-permitted areas on the North Boomerang project. These LUP applications, if approved, would provide LUP coverage over the northern extension of the F- and G-conductive trends (i.e. G-extension and H series conductors). In August 2007, the MVLWB determined there was cause for 'potential public concern', based on comments received from the Aboriginal communities regarding the Corporation's LUP applications. Based on 'public concern' issues the MVLWB referred the Corporation LUPs to the Review Board for an environmental assessment (EA), pursuant to the *Mackenzie Valley Resource Management Act*. As determined through various submissions between the Corporation, Aboriginal community interests, and the Review Board, the scope and work plan of the Boomerang EA were defined and commented on by various interested parties. All comments and submissions by interested parties were concluded June 16, 2008 and the Review Board closed the public record on June 26, 2008.

On September 11, 2008, the Review Board submitted the Report of Environmental Assessment and Reasons for Decision (the "Review Board Decision") on the Boomerang EA to the Honourable Chuck Strahl, Minister of Indian and Northern Affairs Canada (INAC). The Review Board Report recommended the following: *".....in combination with the combined impacts of all other past, present and reasonably foreseeable industrial developments in the area are likely to have significant adverse cultural impacts on the Aboriginal peoples who value the Upper Thelon River Basin. It is the opinion of the Review Board, informed by the evidence on the public record, that the likely adverse cultural impacts are so significant that the development cannot be justified. The Review Board therefore recommended that the project be rejected without an environmental impact review, pursuant to s.128 (1) (d) of the Mackenzie Valley Resource Management Act."*

In connection with the Review Boards recommendation, the Corporation will actively pursue talks with the INAC Minister and the Aboriginal communities in an attempt to establish some common ground between all stakeholders. This would bring a sense of balance to these land use issues and allow the Boomerang Project to move forward in a timely manner. Should these talks fail to resolve these public concern issues in a mutually beneficial way, the Corporation will be forced

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to investigate alternative strategies, potentially seeking compensation. The Review Board Decision has effectively frozen the Corporation's assets and sterilized its sunk cost in the Boomerang Project. The Corporation is disappointed in the Review Boards recommendation regarding the Boomerang Project. The Corporation believes that the Review Board had an opportunity to make a more balanced decision based on the changes that have occurred in the land status of the Upper Thelon River Basin, as documented in the Boomerang EA. This decision would have benefited all stakeholders.

In the Northwest Territories (NT) and specifically the upper Thelon River watershed region, where the Corporation is actively exploring its Boomerang uranium project, the LUP approval process has become more arduous and difficult to complete due to 'public concern' issues raised by the Aboriginal communities, other non-government organizations (NGOs) and Federal Government bureaucratic oversight. Therefore, the Corporation's effort to gain access to lands covered by its Boomerang mining claims, which provides potential for uranium discovery, has become more challenging. Further, the

Corporation is unaware of any other jurisdiction in the world where an EA is required at the entry level exploration drilling stage. The Corporation does not agree that an EA was necessary or required for the Corporation's LUP applications, given the low impact nature of this project and the environmental safeguards currently in place, to include: company operating standards, government requirements and established government and industry best management practices and the substantial amount of regulatory oversight currently in place.

During the Corporation's EA process and while the Review Board deliberated on the EA, and now, after the Review Board's decision, no land use permit or other authorization required for development (i.e. mineral exploration) under territorial or federal law can be issued, thereby prohibiting the Corporation access to the Boomerang claims to fulfill assessment work requirements under Section 41 of the Northwest Territories and Nunavut Mining Regulations. Therefore, the Corporation requested relief from its assessment work requirements of its mining claims and leases making up the Boomerang Property pursuant to *Section 81 – Prohibitions and Reservations of the Northwest Territories and Nunavut Mining Regulations*. This relief is necessary based on the circumstances described above to maintain the mining claims in good standing for the period within which fulfillment of the assessment work requirements are prevented. On February 28, 2008, the Mining Record of the Northwest Territories grant relief under Section 81 thereby lengthening the work period on the Boomerang claims by one or two years so that work may be done and filed with the Mining Recorder. Pending the length of time the Corporation continues to be prohibited from carrying out work on its Boomerang claims further relief under Section 81 will be requested.

The Corporation's 2008 Northern Boomerang surface sampling program, as described above, was completed in the absence of a land use permit (LUP). This program was conducted under a restricted activity threshold allowed by the *Northwest Territories and Nunavut Mining Regulations*.

### **Garry Lake Uranium Project**

The extensive Garry Lake uranium property consists of a generally contiguous block of 355 mining claims covering 829,171 acres along the northern margin of the Thelon Basin as well as extending southward into the basin. The property is located in the Garry Lake area, northern Thelon Basin, approximately 245 kilometers NW of Baker Lake, Nunavut. This land package is owned 100% by the Corporation and compliments the Corporation's prospective Boomerang Lake uranium land holdings in the southwestern Thelon Basin.

Exploration is focused on the discovery of large, high grade, unconformity related uranium deposits in the Thelon sandstone basin environment that represents a setting that is analogous to the prolific mineralized Athabasca sandstone basin environment in Saskatchewan.

The Garry Lake land package covers the interpreted up-ice terminus of a high-grade uraniferous boulder train defined by another exploration company in the early 1980's. Kidd Creek Minerals made the discovery of 19 uraniferous boulders that define a 3 kilometer long dispersal train. The 19 uraniferous boulders yielded assays ranging from 0.87% U<sub>3</sub>O<sub>8</sub> to 27.12% U<sub>3</sub>O<sub>8</sub> with an average of 7.19% U<sub>3</sub>O<sub>8</sub>. The elemental signature of individual mineralized boulders is U-Pb-Se-Te-Ag-Cu-As-S. The surface mineralization is hosted in basement metasedimentary rocks belonging to the lower Proterozoic Amer

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Group, near overlying coarse-grained clastic sedimentary rocks of the Thelon Formation. This polymetallic elemental signature along with the carbonate gangue and clay alteration composition of the boulders indicates that this mineralization may belong to the fracture-controlled basement hosted unconformity-related uranium deposit type.

In the spring and summer of 2007, the Corporation completed two airborne geophysical surveys and compiled a GIS database on the Garry Lake property in preparation for conducting a diamond drill program on a number of prospective EM conductive targets in the summer of 2008. In May 2008, the Corporation mobilized a 20-man camp and Boyles A25 diamond drill and equipment to its Garry Lake uranium project. Pending approval of its land use permit (LUP) application, the Corporation had planned to carry out a 4 to 6 hole diamond drill program in July and August 2008 to test four (4) anomalous conductive geophysical which are supported and coincidence with other historical surface geochemical anomalies.

Historical exploration activities and expenditures are presented in Tables 3 and 4.

Exploration Program	2006	2007	2008	Statistics
Property Acquisition	□	□		355 claims; 829,171 acres
Compilation		□	□	>12,000 historical lake water & lake sediment samples
Airborne Geophysics		□		7,325 line km electromagnetic & magnetic; 10,446 line km radiometric

Table 3: Garry Lake Uranium Project: Historical Exploration Summary

Year	Expenditure (C\$)
2006	44,469
2007	2,461,079
2008	957,089
Total	3,462,635

Table 4: Garry Lake Uranium Project: Historical Exploration Expenditures

**Garry Lake Project Land Use Permitting**

In January 2008, the Corporation submitted an LUP application pertaining to its Garry Lake project proposal to Indian and Northern Affairs Canada (INAC). Subsequently, the Nunavut Planning Commission (NPC) completed its review of the Garry Lake LUP application, as required by the Keewatin Regional Land Use Plan (KRLUP) and the Nunavut Land Claims Agreement (NLCA), and on April 1, 2008 provided the Nunavut Impact Review Board (NIRB) with a positive conformity determination for the Garry Lake project proposal. On May 23, 2008, the NIRB requested, ".....input on a couple issues that, in the Board's mind, are prominently called into question with this current application". Based on these concerns and following submissions from interested parties, on June 27, 2008 the NIRB recommended to the INAC Minister further review of the Corporation's Garry Lake project proposal.

On September 25, 2008, Honourable Chuck Strahl, Minister of INAC indicated that the Garry Lake project proposal shall be subject to Public Review, as described above, however the Minister proposed.... *"that the Board structure the review in a manner that will facilitate a thorough, yet expeditious review of the project"*. Further, the Minister made note of..... *"the Boards acknowledgement in its decision report that it is unusual for a project of this size to be recommended for review"*. The Minister supported focusing the scope of the Public Review on the Garry Lake project proposal's impacts and cumulative impacts on wildlife habitat and Inuit wildlife harvesting.

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What this may mean for the Corporation and the Garry Lake project is uncertain. Clearly the current planned exploration work will be delayed until the 2009 field season. Exploration in the Canadian 'barren-lands' or sub-arctic areas of Nunavut (NU) and Northwest Territories (NT) are significant undertakings that have to be planned and carried out during a limited field season. During the Public Review process the Corporation has minimal control over the scheduling or outcome of these proceedings, therefore, cannot be certain its 2009 exploration plans can be met.

The Garry Lake property consists of mining claims located on Crown lands (Government of Canada). These claims are granted under the *Territorial Lands Act* and approved by the NU Mining Recorder. To explore these claims the Crown has granted reasonable access to the land. To hold these mining claims in good standing, the Corporation must incur exploration expenditures amounting to \$2.00 per acre annually (the "Assessment Work") or forfeit the claims. To incur appropriate exploration expenditures to fulfill the Assessment Work required, the Corporation must access the land with an approved LUP. To hold the Garry Lake property in good standing during the Public Review process, as described above, the Corporation applied for and was granted relief from Assessment Work by INAC under *Section 81 of the Northwest Territories and Nunavut Mining Regulations*.

In Nunavut and the Northwest Territories the approval for land access to conduct exploration has become more arduous and difficult to complete. Land access concerns have been raised primarily by Federal and Territorial Government boards and bureaucratic oversight. As a result, the Corporation's effort to gain access to lands covered by its Garry Lake mineral claims, which provides potential for uranium discovery, has become difficult and unclear. Unfortunately for the Corporation, these delays and uncertainties have effectively frozen its assets and sterilized its sunk cost on the Garry Lake project amounting to about \$4 million dollars. Depending on the outcome of the Public Review of the Garry Lake project proposal, the Corporation may seek compensation.

### **Rottenstone Ni-Cu-PGM Project**

The Rottenstone property is located approximately 130 kilometers NNE of the town of La Ronge, northern Saskatchewan consisting of 8 contiguous mineral dispositions covering 33,009 acres. The Corporation owns 100% of the mineral interest covered by the mineral dispositions as described below. Claude Resources Inc. ("Claude") retains a 2% net smelter return (NSR) on one mineral claim, S-106565, and a 0.5% NSR on the adjoining mineral claims within a 3 kilometer distance from S-106565. The Corporation has the option to purchase one-half (1% NSR) of the 2% NSR by paying Claude \$1,000,000. By November 30, 2008, the Corporation must complete a 'bankable feasibility study' on S-106565 or return the mineral disposition to Claude.

The Rottenstone Ni-Cu-PGE Property was an historical focus of the Corporation's exploration efforts consisting of geophysical, geochemical and diamond drilling programs. The Cu-Ni-PGE target pursued was an extension of the previously exploited Rottenstone deposit. The Rottenstone deposit was mined in the mid-late 1960's, producing approximately 40,000 tons of high-grade ore grading 3.28% Ni, 1.83% Cu and 9.63 g/t PGE. The Corporation has not been successful in finding the extension or source of the high-grade Ni-Cu-PGE mineralization associated with the previously exploited Rottenstone deposit.

On October 5, 2007, the Corporation and Mantis Mineral Corporation ("Mantis" CNQ: MINT) entered into the Rottenstone option agreement whereby Mantis was granted an option to earn an aggregate 60% interest in the Rottenstone property by funding a cumulative ten million dollars (\$10,000,000) in exploration expenditures. The option consists of two options: (1) the first option grants Mantis the exclusive right to earn a 50% interest in the Rottenstone Property by funding \$6,000,000 in exploration expenditures over five years and (2) the second option grants Mantis the exclusive right to earn an additional 10% interest in the Rottenstone Property by funding an additional \$4,000,000 in exploration expenditures and completing a bankable feasibility report. Upon Mantis earning either a 50% or 60% interest, a joint venture will be formed between the Corporation and Mantis with the parties funding their pro-rata share of future exploration expenditures. At its election, Mantis shall be the operator during the earn-in period of the option.

In the first phase of exploration, Mantis completed a deep penetrating high-resolution VTEM B-field electromagnetic (EM) +Magnetic airborne geophysical survey. In the fall of 2008, based on positive results as interpreted from this geophysical

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survey, Mantis complete a number of drill holes on several anomalous geophysical targets. The results of this drill program are pending.

**Forward Looking Statements**

The nine months ending September 30, 2008 Financial Statements and foregoing MD&A may contain forward looking statements including those describing the Corporation's future plans and including the expectations of management that a stated result or condition will occur. Any statement addressing future events or conditions necessarily involves inherent risk and uncertainty. Actual results can differ materially from those anticipated by management at the time of writing due to many factors, the majority of which are beyond the control of the Corporation and its management. The Corporation does not undertake any obligation to publicly update forward looking information except as required by applicable securities law.

**URAVAN MINERALS INC.**

**Signed "Larry Lahusen"  
CEO and Director**