



Table of Contents

1.1 Description of Business and Report Date - 20 -

1.2 Company Overview and Projects - 20 -

 (a) Highlights for the Three Months Ended March 31, 2008..... - 20 -

 (b) Events Subsequent to March 31, 2008..... - 21 -

 (c) Amaruk Project – Nunavut, Canada - 22 -

 (i) Ualliq option to International Samuel Exploration Corp. - 24 -

 (ii) Sakari joint venture with Shear Minerals Ltd..... - 24 -

 (iii) Siku option to Arctic Star Diamond Corp. - 24 -

 (iv) Tunerq - Amaruk Nickel Project (100% owned) - 25 -

 (d) Hepburn Project – Northwest Territories, Canada - 25 -

 (e) Banks Island Project – Northwest Territories, Canada - 25 -

 (f) Mineral Property Expenditures..... - 26 -

1.3 Results of Operations - 27 -

 (a) Current Quarter - 27 -

 (b) Three Months Ended March 31, 2008 vs. Three Months Ended March 31, 2007.... - 27 -

1.4 Summary of Quarterly Results..... - 28 -

1.5 Liquidity - 29 -

1.6 Capital Management - 29 -

1.7 Off-Balance Sheet Arrangements..... - 29 -

1.8 Related Party Transactions - 29 -

1.9 Proposed Transactions - 29 -

1.10 Changes in Accounting Policies - 30 -

1.11 New Accounting Pronouncements - 31 -

1.12 Financial Instruments - 31 -

1.13 Certification of Interim Filings - 32 -

1.14 Other MD&A Requirements..... - 32 -



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

1.1 Description of Business and Report Date

Diamonds North Resources Ltd. (“the Company”) is an exploration stage company engaged in the acquisition and exploration of diamond mineral properties in Canada. The principal properties are located in northern Canada throughout Nunavut (“NU”) and the Northwest Territories (“NWT”). The Company trades as a Tier One company on the TSX Venture Exchange (“Exchange”) under the symbol “DDN” and is a reporting issuer in British Columbia and Alberta. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the consolidated financial statements and the notes thereto for the three months ended March 31, 2008.

This Management Discussion and Analysis (“MD&A”) may contain forward-looking statements that involve risks and uncertainties. Words such as “anticipate,” “believe,” “estimates,” “expects,” and similar expressions are used throughout this report to identify these statements. Forward-looking statements in this MD&A are only made as of May 27, 2008 (the “Report Date”). Please keep in mind that statements which describe the Company’s proposed plans, objectives, and budgets may differ materially from actual results. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital, and general economic, market or business conditions.

Bruce Kienlen (P.Geol) and Graham Gill (P. Geo) are the Company's qualified persons reviewing the exploration projects described throughout the MD&A. They are responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

1.2 Company Overview and Projects

The Company’s 2008 objective on its 100% owned Amaruk property is to drill up to 100 geophysical targets using a percussion reverse circulation drill rig (“percussion drill”) and acquire core samples from the new highly diamondiferous kimberlites, Tuktu-1, 2 and 3 yielded 6.7, 5.7 and 5.8 diamonds per kilogram, respectively, while Qavvik-3 and 4 yielded 2.5 and 2.0 diamonds per kilogram, respectively. A high percentage of the diamonds recovered are white, clear, octahedral crystal forms which are indicators of potential high gem quality.

Tuktu-1, 2, 3 and 4 appear to form a kimberlite complex with a geophysical expression of approximately 5 hectares. Other adjoining targets, not yet drill tested, expand the geophysical target to approximately 8 to 12 hectares in size. For 2008, a mini bulk sample program is being planned to further evaluate the economic potential of these bodies.

Remaining on the Amaruk property are 500 untested targets in a large area with compelling mineral chemistry.

The diamond market continues to show a positive trend based on higher diamond price; anticipated demand to exceed supply; and declining mine production. Growth in China and India should offset softening demand in the US, as their economy slows.

(a) Highlights for the Three Months Ended March 31, 2008

- On January 8th, the Company reported high diamond counts from the Tuktu-1 kimberlite with 550 diamonds recovered from an 81.75kg sample, see ‘1.2(c) Amaruk’.
- On January 14th, the Company reported high diamond counts from the Qavvik-3 and Qavvik-4 kimberlites with 183 diamonds recovered from a 72.8kg sample and 129 diamonds recovered from a 65.7kg sample, see ‘1.2(c) Amaruk’.

Management Discussion and Analysis
For the Three Months Ended March 31, 2008

- On January 18th, the Company reported the second set of till samples with nickel values as high as 1.71% collected from 2007 outcrop sampling, see '1.2(c)(iv) Tunerq 'Nickel'.
- On March 10th, the Company reported diamonds counts from the Qavvik-5 and Qavvik-6 kimberlites with 130 diamonds recovered from a 103.4kg sample and 118 diamonds recovered from a 107.7kg sample, see '1.2(c) Amaruk'.
- On March 13th, the Company reported high diamonds counts from the Tuktu-2 and Tuktu-3 kimberlites with 607 diamonds recovered from a 107kg sample and 219 diamonds recovered from a 37.85kg, see '1.2(c) Amaruk'.

(b) Events Subsequent to March 31, 2008

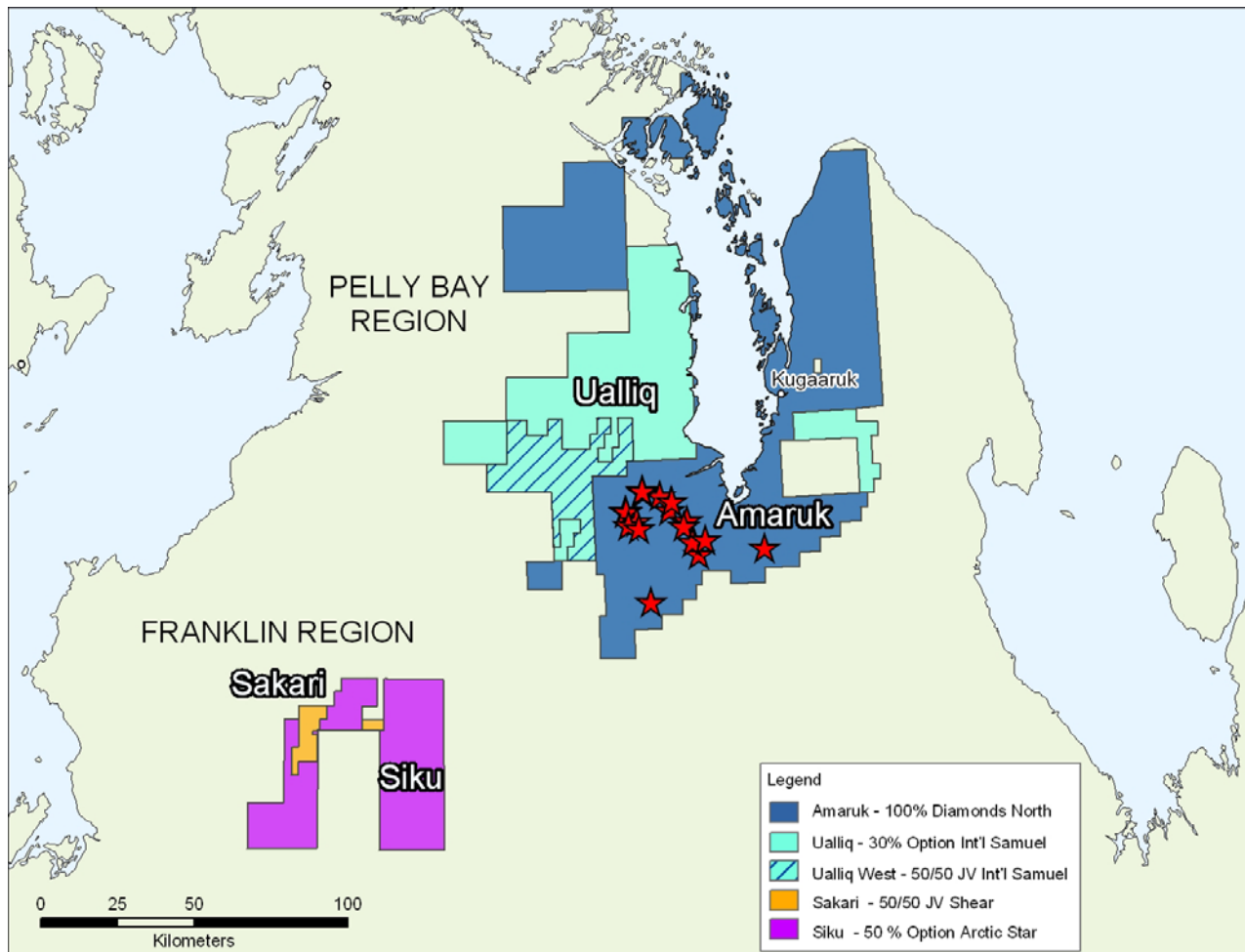
- In preparation for the 2008 Amaruk exploration program, the kitchen/mess hall and dry were destroyed in a fire. No persons were injured, as the camp was unoccupied at the time. The incident has been reported to authorities and the cause unknown. The estimated cost of debris removal and reconstruction is \$230,000. The Company would like to thank the support received from the hamlet of Kugaaruk as the camp was fully operation within two weeks of the incident.
- On May 22nd, the Company reported that drilling has commenced on the Tunerq nickel prospect located on the Company's 100% owned Amaruk property in Nunavut. The first drill hole intersected 26 metres of mafic and ultramafic rocks with sulphides visually varying up to 10 to 25%
- On May 27th, the Company reported diamond counts from the Tuktu-1B kimberlite with 2,850 diamonds recovered from a 412.15kg sample collected by percussion drill, at a depth of approximately 24.5 metres to 91 metres, table below.

Table 1 – Diamond Sieve Data for Tuktu-1B

Kimberlite Name	Date Reported	Weight (in kg)	Sieve Sizes (mm)							Total	Diamonds per kg
			0.106	0.150	0.212	0.300	0.425	0.600	0.850		
1 Tuktu-1B	May 27	412.15	1,693	695	270	83	70	33	6	2,850	6.9

(c) Amaruk Project – Nunavut, Canada

Map 1- Pelly Bay Diamond District Project Locations



The Amaruk property and the Ualliq, Sakari and Siku projects covers approximately 3.4 million acres around the community of Kugaaruk, Nunavut. The projects are subject to a 2% gross overriding royalty on diamonds and a 2% net smelter royalty on other minerals except gold, payable to BHP Billiton Diamonds Inc. ("BHP Billiton"). Portions of the property have been optioned to other diamond exploration companies as noted in the map above and described separately below.

-Amaruk Exploration Program for 2008

The 2008 program will include detailed geophysics, drill testing, evaluation of known kimberlites and possible bulk sampling. Management believes the high diamond counts from the Tuktu-1, 2, & 3 justify a larger sample. The program has commenced and the preliminary budget is \$5 million.

The percussion drill continues to be a cost effective tool for target testing. Unlike a diamond core drill, the percussion drill does not produce core and recovered samples range from small chips to a fine ash-like powder. The Company believes that a certain amount of diamond loss may be caused by the hammer-like pulverization of the percussion drill, with larger diamonds being prone to pulverization.

Management Discussion and Analysis
For the Three Months Ended March 31, 2008

-2007 Amaruk Percussion Drill Program

The Company used two percussion drills to test 57 targets and intersected 17 new kimberlites bringing the total to 22 known kimberlites. Representative kimberlite samples from all 17 kimberlites were sent for microdiamond analysis.

Table 2 – Diamond Sieve Data for the 2007 Amaruk Percussion Drill Program Reported in 2008

Kimberlite Name	Date Reported	Weight (in kg)	Sieve Sizes (mm)							Total	Diamonds per kg
			0.106	0.150	0.212	0.300	0.425	0.600	0.85		
1 Qavvik-2	Jan. 14	71.20	2	3	2	-	2	-	-	9	0.1
2 Qavvik-3	Jan. 14	72.80	94	51	28	6	3	1	-	183	2.5
3 Qavvik-4	Jan. 14	65.70	73	28	21	5	1	1	-	129	2.0
4 Qavvik-5	Mar. 10	103.40	72	35	19	2	1	1	-	130	1.3
5 Qavvik-6	Mar. 10	107.70	62	39	8	7	2	-	-	118	1.1
6 Tuktu-1	Jan. 8	81.75	269	158	73	37	11	2	-	550	6.7
Tuktu-1B	May 27	412.15	1,693	695	270	83	70	33	6	2,850	6.9
7 Tuktu-2	Mar. 13	107.00	222	239	101	26	15	4	-	607	5.7
8 Tuktu-3	Mar. 13	37.85	81	76	41	16	4	1	-	219	5.8
9 Tuktu-4	Mar. 13	66.40	3	1	-	1	-	-	-	5	0.1
10 Ptarmigan	Jan. 14	67.30	-	-	-	-	-	-	-	-	-
11 Umingmak-2	Jan. 14	88.90	-	-	-	-	-	-	-	-	-
12 Tuktu-5	Mar. 13	111.65	11	3	4	3	-	-	-	21	0.2
13 Tuktu-6	Mar. 13	99.45	29	13	4	5	1	-	-	52	0.5
14 Tuktu-7	Mar. 13	85.90	17	10	4	2	-	-	-	33	0.4
15 Tuktu-8	Mar. 13	109.60	6	2	1	-	-	-	-	9	0.1
16 Tuktu-9	Mar. 13	97.00	8	2	1	-	-	-	-	11	0.1
17 Beluga-2	Mar. 10	59.40	1	1	-	-	-	1	-	3	0.1

-2007 Amaruk Core Drill Program

The Company identified two main kimberlite lithologies from the Qavvik-1 drill core; a macrocrystic kimberlite (MK) and a sparsely macrocrystic kimberlite breccia (SMKB). Based on the results below, the Company downgraded the Qavvik-1 kimberlite. The core sample from Qavvik-1 appears to indicate that the tested portion of this body does not have a coarse diamond population. Only a small portion of the Qavvik - 1 kimberlite has been tested with two vertical holes and one inclined hole (-65o) along a 30 metre section of an interpreted long axis of 230 metres.

The 2006 percussion drill program intersected the macrocrystic kimberlite phase of Qavvik-1 and returned 431 stones greater than 0.105mm from 457.33kg (0.942 diamonds per kg). Approximately 18% of these recovered diamonds are fragments. It appears that there is not a significant difference in diamond recovery between the percussion drill samples and drill core from the Qavvik-1 kimberlite. However, comparison between surface samples and percussion drill samples from the Umingmak kimberlite do suggest significant diamond destruction, losses may have been as high as 50%, mostly in the larger sizes. An explanation for the difference in diamond destruction is that the Umingmak kimberlite is very hard, whereas the Qavvik-1 kimberlite is highly altered and much softer.

The diamond results for the Char kimberlite are shown in the table below. Approximately 200 additional kilograms of core from Char have been submitted for further processing. This will provide routine information on the quality of the laboratory procedures and the results described above.



Table 3 – Diamond Sieve Data for the 2007 Amaruk Core Drill Program Reported in 2008

Kimberlite Name	Date Reported	Weight (in kg)	Sieve Sizes (mm)						Total	Diamonds per kg
			0.106	0.150	0.212	0.300	0.425	0.600		
Qavvik-1 MK	Feb. 4	332.15	130	86	34	21	6	-	277	0.8
Qavvik-1 SMKB	Feb. 4	644.60	102	60	29	8	5	2	206	0.3
Char	Mar. 12	135.25	42	15	6	1	1	-	65	0.5

(i) Ualliq option to International Samuel Exploration Corp.

On July 26, 2006, the Company and International Samuel Exploration Corp. (“International Samuel”) entered into an agreement covering approximately 871,000 acres predominantly to the west of the Company’s Amaruk project. International Samuel has an option to earn a 30% interest in the Ualliq project by issuing 2,000,000 common shares to the Company (received) and incurring \$3,000,000 in expenditures on the property on or before December 31, 2009. In addition, for each of the first four kimberlite bodies discovered on the property, International Samuel shall issue 250,000 common shares to the Company.

In 2007, the Company and International Samuel entered into an agreement to form a 50:50 partnership on claims that were staked called the Ualliq West property. The 250,000 acres of new claims are contiguous with the Amaruk and Ualliq properties. The Company is the project operator.

-Ualliq Exploration Program for 2008

A total of 330 airborne geophysical targets have been identified, of which approximately 80 are rated as high to moderate priority. Significantly, 47 of the targets range in size from 2 to 7 hectares. The partners have approved a two phase program designed to screen targets ahead of an intensive drilling program. The entire program is budgeted at \$1 million. A camp has been established and field work is underway.

(ii) Sakari joint venture with Shear Minerals Ltd.

On July 31, 2006, the Company and Shear Minerals Ltd. (“Shear”) entered into an agreement covering approximately 42,000 acres of claims located within the southwest portion of the Company’s Amaruk project. Shear has earned a 50% interest in the Sakari project by making a payment of \$97,000 in refundable deposits and incurring \$185,940 in expenditures on the property before June 30, 2007. The Company is the project operator.

-Sakari Exploration Program for 2008

To date, 10 targets have been selected for follow-up exploration which will include ground geophysics and if warranted, percussion drill testing. The partners have not approved a 2008 exploration budget.

(iii) Siku option to Arctic Star Diamond Corp.

On October 4, 2006, the Company and Arctic Star Diamond Corp. (“Arctic Star”) entered into an agreement covering approximately 455,000 acres of claims located within the southwest portion of the Company’s Amaruk project. Arctic Star has an option to earn a 50% interest in the Siku project by issuing 1,500,000 shares to the Company (received), funding approximately \$956,000 in bonds on the claims (completed) and incurring \$2,500,000 in expenditures on the property on or before September 30, 2009. In addition, for each of the first five kimberlite bodies discovered on the property, Arctic Star shall issue 100,000 common shares to the Company. The Company is the project operator.



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

-Siku Exploration Program for 2008

The partners are planning for an extensive 2008 field program of percussion drill testing of 15 to 30 targets. Interpretation of geophysical data from 2007 is underway. The partners have approved the first phase of the field program consisting of prospecting and ground magnetic and budgeted at \$280,000.

(iv) Tunerq - Amaruq Nickel Project (100% owned)

The Tunerq prospect is an oxidized sulphide bearing outcrop, which was discovered in 2007. Some of the initial grab samples yielded high nickel values ranging from just over 1% to 1.71% nickel with associated copper and cobalt. The sulfide mineralized outcrop is approximately 20 to 30 metres wide and slopes gently into an extensive low lying area with no outcrop exposure.

-Tunerq Exploration Program for 2008

The Company completed a detailed ground EM survey in April/May and commenced a percussion drill program. The first vertical hole was drilled and sulphides were encountered between 0-24 metres which includes short intervals of non-mineralized rock. Sulphide content appears visually similar to the mineralization encountered in outcrop with the addition of several zones with high chalcopyrite content. Granodiorite was intersected at 26 metres and the drill hole was terminated at 66 metres depth. The drill program is ongoing.

(d) Hepburn Project – Northwest Territories, Canada

The Company holds a 100% interest in the 1.3 million acre Hepburn property located approximately 400 kilometres north of Yellowknife. Based on indicator mineral data, the Company has outlined two potential kimberlite fields on the property. A portion of the property's uranium rights were transferred to Uranium North Resources Corp. ("Uranium North") and the Company continues to hold 100% interest in all diamonds and other metals, except uranium for which the Company retains a royalty.

-Hepburn Exploration Program for 2008

For 2008, the Company has planned program of detailed ground geophysics and till sampling to delineate drill targets for testing. A final decision will be made once all the 2007 data has been received and interpreted. The program is underway and the preliminary budget is under \$2 million.

(e) Banks Island Project – Northwest Territories, Canada

The Banks Island property covers 1.2 million acres of permits in NWT which was acquired with Majescor on a 50:50 basis. On July 5th, the Company acquired Majescor's 50% interest in consideration for 1 million common shares, a two year warrant to purchase up to 1 million shares at \$1.50 per share and a 1.5% royalty on diamonds, metals and other minerals of which half of the royalty may be purchased by the Company at anytime for \$1 million dollars. The warrant is only exercisable if a designated target is proven to be a kimberlite pipe of at least 200 meters in diameter and at which time the warrant will expire at the earlier of six months or two years from the date of issuance.

-Banks Island Exploration Program for 2008

For 2008, the Company anticipates conducting a program of additional staking and detailed ground geophysics to delineate targets for drill testing. The proposed budget is under \$1 million.



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

(f) Mineral Property Expenditures

	Amaruk, NU	Ualliq, NU	Sakari, NU	Siku, NU	Tunerq, NU(1)	Victoria Island NU/NWT	Banks Island, NWT	Hepburn, NWT	Kidme, NWT	Northern Recon.	Other Properties	Total
Balance at												
December 31, 2007	\$ 11,319,082	\$ -	\$ 19,084	\$ -	\$ 26,064	\$ 4,145,442	\$ 1,831,525	\$ 7,157,418	\$ 447,426	\$ 270,709	\$ 272,233	\$ 25,488,983
Exploration:												
Airborne geophysics	(3,793)	5,381	1,519	3,842	274	-	6,204	2,440	-	-	-	15,867
Camp costs	178,861	-	-	4,575	48,574	-	-	43,793	-	-	-	275,803
Camp heli. (incl. fuel)	662	-	-	-	113,181	-	-	245,327	-	-	-	359,170
Drilling - Core	(14,638)	-	-	-	626	-	-	-	-	-	-	(14,012)
Drilling - RC	65,641	-	-	1,192	-	-	-	-	-	-	-	66,833
Geochemistry	20,864	142	-	-	2,647	-	745	2,502	-	-	-	26,900
Geology	33,903	10,232	894	2,032	110	195	9,353	16,063	-	2,017	-	74,799
Ground geophysics	17,247	2,549	-	626	10,093	-	447	4,165	-	-	-	35,127
Permitting	4,983	797	855	1,481	-	2,983	1,761	-	-	-	-	12,860
Property	389,625	120,400	-	-	-	5,653	87,103	455,626	-	-	-	1,058,407
	693,355	139,501	3,268	13,748	175,505	8,831	105,613	769,916	-	2,017	-	1,911,754
Less:												
Recoveries	(6,209)	(95)	(97)	(1,042)	-	-	-	-	-	-	-	(7,443)
Net additions	687,146	139,406	3,171	12,706	175,505	8,831	105,613	769,916	-	2,017	-	1,904,311
Balance at												
March 31, 2008	\$ 12,006,228	\$ 139,406	\$ 22,255	\$ 12,706	\$ 201,569	\$ 4,154,273	\$ 1,937,138	\$ 7,927,334	\$ 447,426	\$ 272,726	\$ 272,233	\$ 27,393,294

1. Included under "Northern Recon." in 2007.



1.3 Results of Operations

(a) Current Quarter

The Company's cash position decreased \$50,046 to \$3,989,807. During the quarter, the Company received \$1,029,390 in cash from the exercise of 633,700 stock options and 654,989 warrants and collected \$517,273 in accounts receivables. As of the Report Date, approximately \$800,000 of the \$942,470 receivables outstanding at March 31st have been collected.

Cash, exploration funds decreased \$1,867,776 and funded the \$1,020,663 mineral property acquisition and exploration and reduced accounts payable and accrued liabilities related to mineral properties by \$883,648. Cash, exploration funds are received from flow-through financings and used for Canadian exploration.

During the quarter, capital purchases of \$80,352 include a magtometer system and three skidoos for the Amaruk project.

(b) Three Months Ended March 31, 2008 vs. Three Months Ended March 31, 2007

Results of operations for the three months ended March 31, 2008 are discussed in comparison with the three months ended March 31, 2007. General and administrative expenses of \$700,851 (2007 - \$757,347) represents a \$56,496 decrease compared to the comparative fiscal period. Notable changes include:

- Amortization expense \$15,715 (2007 - \$8,320) increased due to exploration equipment purchased in 2007 and 2008. The Company has found it more cost effective to purchase versus renting magtometer systems used in ground geophysics.
- Directors' fees of \$119,259 (2007 - \$78,024) reflects compensation for the four independent directors of \$10,000 in cash and \$109,259 in stock-based compensation.
- Investor relations and promotion of \$130,516 reflects the Company's effort to broaden its corporate profile in financial markets, a breakdown is below:

	2008	2007
Administration	\$ 1,927	\$ 971
Conferences and trade shows	46,408	31,632
Consulting, wages and benefits	40,736	93,285
Media	16,146	16,730
Promotion and advertising	13,643	11,527
Stock-based compensation expense	11,656	29,008
	\$ 130,516	\$ 183,153

- Stock-based compensation expense of \$311,594 (2007 - \$309,780) was allocated to the statement of operations categories as follows:

	2008	2007
Accounting and audit	\$ 3,844	\$ 9,974
Administration	5,125	8,296
Consulting	-	24,405
Directors fees	109,259	68,024
Investor relations	11,656	29,008
Wages and benefits	181,710	170,073
	\$ 311,594	\$ 309,780



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

- Future income tax recovery of \$1,734,200 (2007 - \$3,502,418) reflects the renouncement of exploration expenditures to investors under its flow-through share program. In 2008, the Company renounced \$5,336,000 in flow-through financings compared to \$10,265,000 in 2007. This is a non-cash transaction.

The Company's net income for the period was \$1,097,719 (2007 – \$2,311,049) or \$0.02 per share (2007 – \$0.05) and largely due to the future income tax recovery noted above.

Other comprehensive loss of \$174,987 includes \$265,615 in unrealized losses on marketable securities and \$90,628 future income tax recovery. This other comprehensive income represents the decrease in the fair value of the Company's marketable securities portfolio since the beginning of the year.

1.4 Summary of Quarterly Results

	Q2 Jun. 30 2006	Q3 Sept. 30 2006	Q4 Dec. 31 2006	Q1 Mar. 31 2007	Q2 Jun. 30 2007	Q3 Sept. 30 2007	Q4 Dec. 31 2007	Q1 Mar. 31 2008
Mineral expenditures, net of recoveries	\$ 1,880,861	\$ 2,374,715	\$ (544,203)	\$ 2,426,298	\$ 1,052,611	\$ 6,617,447	\$ 2,470,749	\$ 1,020,663
G&A expense	\$ 627,407	\$ 341,588	\$ 561,539	\$ 757,347	\$ 680,594	\$ 556,125	\$ 1,033,528	\$ 700,851
Stock-based comp. exp.	\$ 159,298	\$ 177,111	\$ 177,111	\$ 309,780	\$ 231,789	\$ 249,601	\$ 459,361	\$ 311,594
Net income (loss)	\$ (679,779)	\$ 1,127,390	\$ (1,845,156)	\$ 2,331,823	\$ 164,229	\$ (455,455)	\$ (3,359,807)	\$ 1,097,719
Other comprehensive income (loss)				\$ 427,575	\$ 74,305	\$ (631,854)	\$ 151,058	\$ (174,987)
Income (loss) per share -basic	\$ (0.02)	\$ 0.03	\$ (0.04)	\$ 0.05	\$ -	\$ (0.01)	\$ (0.06)	\$ 0.02
Weighted avg. common shares outstanding -basic	39,544,655	43,042,730	42,451,985	51,621,053	52,312,074	55,914,592	54,701,763	60,602,852

The Company conducts diamond exploration in Canada's north, and mineral expenditures are subject to seasonal conditions with the majority of expenditures occurring in Q2 and Q3. In Q4-2006, the Company recovered exploration costs from the Amaruk project partners.

G&A expense has increased commensurate with the growth of the Company, in mineral projects and staff. It is anticipated that G&A expenses will continue to rise with costs to comply with regulatory requirements and to retain professional staff in a highly competitive market. Stock-based compensation is one successful method used by junior exploration companies in retaining staff from larger producing companies which can offer more lucrative salaries.

The Company is still in the exploration stage and does not have an operating mine. Earnings per share are anomalous and reflect adjustments to future income tax and gain on sale of marketable securities. In Q1- 2007, income includes a future income tax recovery of \$3,502,418 and in Q1-2008, \$1,734,200.

Comprehensive income accounting was adopted on January 1, 2007 and is the change in shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net income (loss). Other comprehensive income (loss) represents unrealized gains or losses on available-for-sale investments.



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

1.5 Liquidity

To minimize liquidity risk, the Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, and cash and cash equivalent holdings. As the Company does not have operating cash flow and relied primarily on equity financings to meet its capital requirements.

Management believes its \$8,130,572 working capital at March 31, 2008 is sufficient to meet administrative and property obligations for the coming year but may not cover all the budgeted exploration expenditures. Subsequent to March 31, 2008, the Company's marketable securities decreased in value, reducing working capital. Management does have the ability to adjust exploration budgets to work within its working capital. As of the Report Date received \$52,660 from the exercise of 75,000 stock options.

1.6 Capital Management

The Company considers its capital structure to include working capital and shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

1.7 Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financial arrangements.

1.8 Related Party Transactions

The Company has engaged a business owned by a director of the Company, to provide project management and geological consulting. During the period, the Company paid fees to this related party in the aggregate of \$4,725.

The Company paid an aggregate of \$10,000 in directors' fees to the four independent directors of the Company.

At March 31, 2008, the Company held 12.9% of the issued common shares of Uranium North, a company related by virtue of other common directors. Included in accounts receivable is \$1,605 owed by Uranium North, for mineral property and office costs.

On March 25, 2008, the Company and Uranium North have agreed to amend the terms of the loan agreement to extend the due date for repayment of the principal and interest to December 31, 2008. The amendment further provides that the conversion price under the loan agreement be reduced from \$0.75 per share to \$0.54 per share. Uranium North will also pay an administration fee in the amount of \$6,000 to the Company. The amendment to the loan agreement is subject to acceptance by the Exchange.

1.9 Proposed Transactions

None.



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

1.10 Changes in Accounting Policies

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the CICA relating to financial instruments. As required by the transitional provisions of these new standards, these new standards have been adopted on a prospective basis with no restatement to the prior period financial statements.

-Accounting Changes

CICA Section 1506.30 requires companies to provide disclosure in the financial statements when there are new accounting pronouncements which have been issued but not yet effective.

-Assessing Going Concerns

CICA Section 1400 has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

-Capital Disclosures

CICA Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- qualitative information about its objectives, policies and process for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirements to which it is subject; and
- when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

-Inventories

CICA Section 3031 (supersedes Section 3030) prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

-Financial Instruments Disclosures and Presentation

CICA Section 3862 and 3863 (replaces Section 3861) requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable user to evaluate:

- a) the significance of financial instruments for the entity's financial position and performance; and
- b) the nature and extent of risks arising from the financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks.

Entities will be required to disclose the measurement basis or bases used and the criteria used to determine classification for different types of instruments.



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

1.11 New Accounting Pronouncements

Below is a summary of new Canadian GAAP pronouncements which may affect the financial disclosure and results of operations of the Company for interim and annual periods beginning after October 1, 2008.

-Goodwill and Intangible Assets

CICA Section 3064 replaces Section 3062 Goodwill and Other Intangible Assets”, and Section 3450, “Research and Development Costs”. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for years beginning on or after October 1, 2008. The Company is evaluating this new standard and it will not likely impact the Company.

-International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

1.12 Financial Instruments

The Company is exposed to credit risk with respect to its cash, cash equivalents and cash exploration funds. To minimize this risk, cash has been placed with major financial institutions. The total amount of cash is available on demand and is not invested in commercial paper or asset backed security programs.

In accordance with the new financial instruments accounting standards, the Company has recorded its assets and liabilities at ‘fair value’ and marketable securities have been classified as available-for-sale securities. The fair value of marketable securities at March 31, 2008 is as follows:

Marketable Securities	Carrying Value	Unrealized Gains	Fair Value
Available-for-sale	\$ 1,027,761	\$ 359,629	\$ 1,387,390

Included in the carrying value of available-for-sale marketable are 2,100,000 common shares of Uranium North which are subject to escrow. As these shares are not quoted in an active market, the fair value is deemed to be cost. Once the shares are released from escrow and become ‘free trading’, the fair value will be determined at quoted market prices.



Management Discussion and Analysis
For the Three Months Ended March 31, 2008

1.13 Certification of Interim Filings

On December 31, 2007, the Company adopted BC Securities Commission 52-511 'Relief for Venture Issuers from Certification Requirements.' The relief helps small size companies like ours, where there is a lack of segregation of duties which is an ongoing internal control weakness. The Company mitigates this risk through direct involvement of senior management in day to day operations.

1.14 Other MD&A Requirements

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

As of the Report Date, the Company had 61,110,509 issued common shares outstanding and the following unexercised stock options and warrants:

-Stock Options

Expiry Date	Exercise Price	Number of Shares
October 6, 2008	\$0.600	111,000
March 30, 2009	\$1.021	200,000
August 8, 2009	\$0.944	545,000
October 18, 2009	\$0.858	300,000
January 27, 2010	\$0.858	50,000
March 22, 2010	\$0.987	247,500
May 17, 2010	\$0.729	550,000
April 12, 2011	\$0.848	1,660,000
July 13, 2011	\$1.021	113,500
February 27, 2012	\$0.770	1,605,000
May 3, 2012	\$1.010	600,000
May 9, 2012	\$1.030	337,000
February 14, 2013	\$0.880	1,430,000
		7,749,000

-Warrants

Expiry Date	Exercise Price	Number of Shares
August 15, 2008	\$1.000	122,100