



Management Discussion and Analysis  
For the Nine Months Ended September 30, 2007

**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 nine months ended September 30, 2007.

*Forward-Looking Information*

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 November 23, 2007 (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.

**Highlights for the Three Months Ended September 30, 2007**

- On July 5<sup>th</sup>, the Company reported the acquisition of Majescor Resources Inc. (“Majescor”) interest in the Banks Island project, providing the Company with a 100% interest, see Banks Island.
- On August 24<sup>th</sup>, the Company completed two non-brokered private placements totaling 4,551,000 flow-through common shares at a price of \$1.00 per share, see Liquidity.

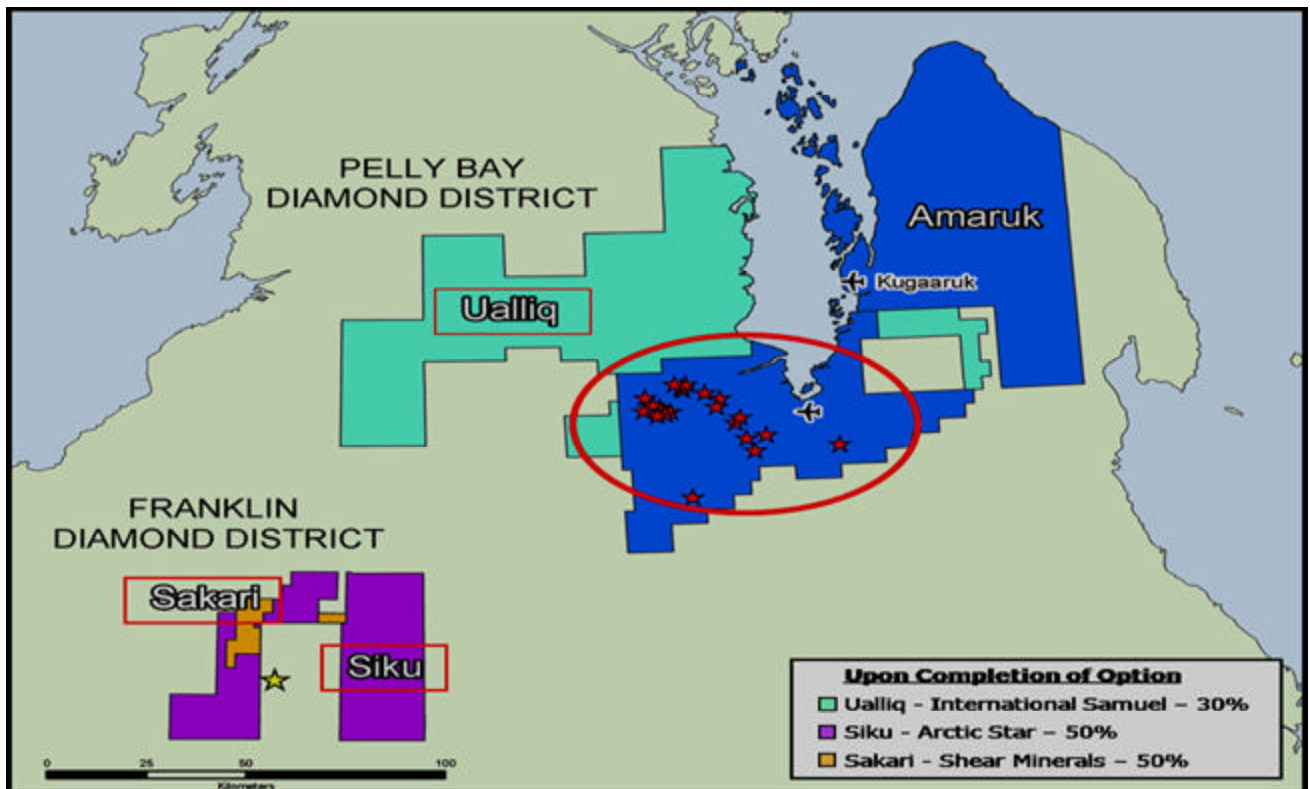
**Events Subsequent to September 30, 2007**

- On October 10<sup>th</sup>, the Company reported a total of 17 new kimberlites have been identified on it’s 100% owned Amaruk property, within a 20 square kilometer area of Qavvik-1. Discovered in 2006, Qavvik-1 yielded 606 diamonds from a 457.33 kg sample.
- On October 31<sup>st</sup>, the Company reported the discovery of high-grade nickel in outcrop on it’s 100% owned Amaruk property. The sulfide mineralized outcrop is approximately 20 to 30 metres wide and slopes gently into an extensive low lying area with no outcrop exposure. Associated with this location is a 700 to 1,500 metre-long magnetic anomaly with estimated widths ranging from 20 to 65 metres.

Sample	Nickel %	Copper %	Cobalt %
1	1.36	0.21	0.07
2	0.92	0.25	0.05
3	0.63	0.28	0.02
4	0.50	0.24	0.04
5	0.35	0.14	0.02

Management will evaluate this new nickel prospect with the intention of maximizing value for our shareholders.

- On November 23<sup>rd</sup>, the Company announced a non-brokered private placement of up to 1,250,000 flow-through common shares at a price of \$1.00 per share. The flow-through shares will be subject to a hold period of four months plus one day from the closing of the offering.



### Amaruk Project, NU

The Amaruk property covers approximately 3.6 million acres around the community of Kugaaruk, Nunavut. The Company holds a 100% interest in the project, 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 under the Ualliq, Sakari and Siku projects.

### *Amaruk Exploration Program for 2007*

For 2007, the Company proposed a \$3.7 million budget to include a \$300,000 airborne survey, \$360,000 to evaluate up to 200 targets with detailed geophysics, \$500,000 for till sampling, \$1.5 million for drill testing up to 60 targets and \$1.0 million for core drilling. The Company subsequently increased the budget by \$2.0 million dollars to collect larger mini-bulk samples from the Char and Qavvik-1 kimberlites and to fly additional airborne geophysics.

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

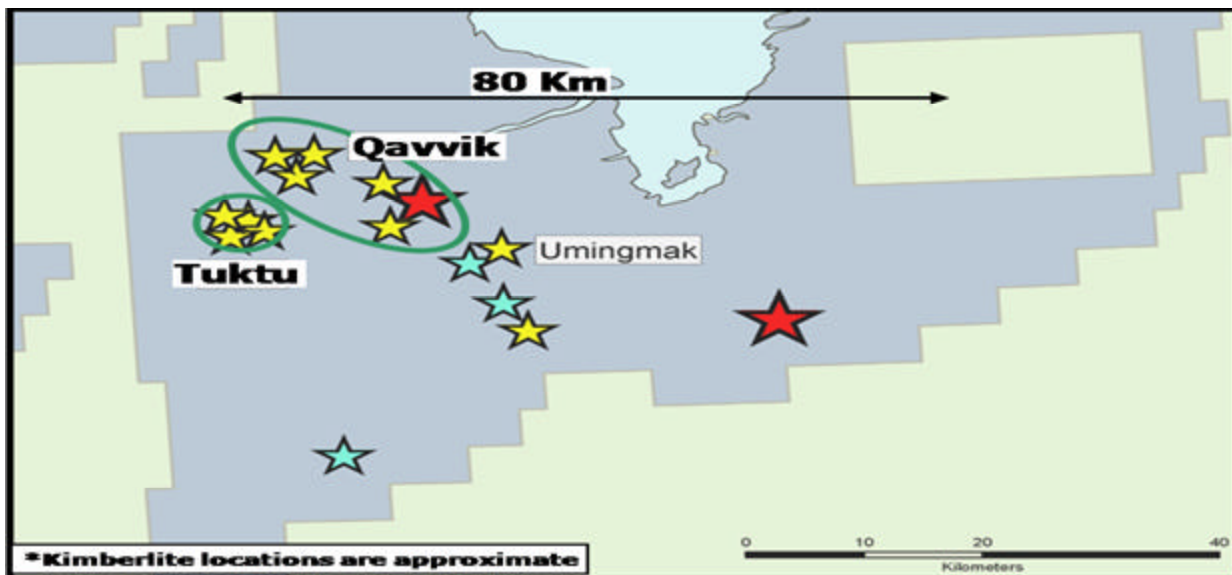
In addition to the 17 new kimberlites, larger samples were collected from the Qavvik and Char kimberlites. After various contractor delays, approximately 1.2 tonnes of kimberlite was collected from Qavvik and 0.85 tonnes of kimberlite was collected from Char. The Qavvik kimberlite is of particular interest as the kimberlite contains abundant and coarse garnets and other mantle minerals. The core has been shipped to Saskatchewan Research Council for diamond analysis.

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The Company completed more than 44,000 line kilometres of airborne geophysics, 3,423 line kilometres of heli-borne geophysics and 176 ground magnetic grids on the property.

**Kimberlite Discoveries - 2007 Drilling Highlights:**

- Five new kimberlites (Qavvik-2 through Qavvik-6) have been discovered near the Qavvik-1 kimberlite. Qavvik-1, which was drilled in 2006 is highly diamondiferous and was bulk sampled in 2007.
- Nine kimberlites (Tuktu-1 through Tuktu-9) forming the Tuktu kimberlite cluster were discovered 15-kilometres west of Qavvik-1. Abundant diamond indicator minerals associated with these kimberlites suggest excellent diamond potential.
- Ptarmigan, a new kimberlite, was discovered 20-kilometres south of the Qavvik-1 kimberlite. Numerous untested targets nearby suggest the potential for additional kimberlites forming a cluster.
- The discovery of Umingmak-2 near the Umingmak-1 kimberlite (drilled in 2006) confirms kimberlite clustering in the area. Umingmak-1 yielded diamonds with high clarity, white colour and a high proportion of octahedral crystals.
- The discovery of Beluga-2, near the Beluga-1 kimberlite (drilled in 2006) confirms kimberlite clustering in the area.



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**Table 1 – 2007 Kimberlite Summary**

	Kimberlite	Drill Hole Inclination	Kimberlite Sampled (Metres)	Location Relative to Qavvik-1 (distance & direction)
1	Qavvik-2	Vertical	96.0	4 km N
2	Qavvik-3	Vertical	67.1	3 km S
3	Qavvik-4	Vertical	35.1	10 km N
4	Qavvik-5	Vertical	56.5	10 km N
5	Qavvik-6	Vertical	76.2	10 km N
6	Tuktu-1	Vertical	74.7	15 km W
7	Tuktu-2	-60	79.2	15 km W
8	Tuktu-3	Vertical	67.1	15 km W
9	Tuktu-4	Vertical	44.2	15 km W
10	Ptarmigan	Vertical	47.2	20 km SE
11	Umingmak-2	-60	36.6	8 km SE
12	Tuktu-5	Vertical	42.7	19 km W
13	Tuktu-6	Vertical	70.1	17 km W
14	Tuktu-7	-85o	79.3	13 km W
15	Tuktu-8	Vertical	38.7	15 km W
16	Tuktu-9	Vertical	57.9	15 km W
17	Beluga-2	Vertical	30.5	17 km SE

Representative kimberlite samples will be obtained from the above reverse circulation drill cutting intervals for microdiamond analysis. Directions and distances are approximate. Size of kimberlite occurrences have not yet been determined. The diamond results for all 17 new kimberlites discovered in 2007 will be used to prioritize further evaluation and bulk sampling.

***Future Developments for Amaruk Project***

At this time, the Company anticipates conducting a program which may include detailed geophysics, drill testing, evaluation of known kimberlites and possible bulk sampling.. A final decision will be made once all the 2007 data has been received and interpreted.

**Ualliq - Amaruk Project, NU**

On July 26, 2006, the Company and International Samuel Exploration Corp. (“International Samuel”) entered into an agreement covering more than 1 million 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 (1,500,000 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. The Company operates the project.

***Ualliq Exploration Program for 2007***

On April 18<sup>th</sup>, the Company and International Samuel approved a \$1,000,000 exploration budget for the Ualliq property for:

- geophysical surveying over the main Ualliq indicator mineral train, \$400,000;
- detailed geophysics on up to 50 targets, \$200,000; and
- drill testing high priority targets, \$400,000.



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The Company completed more than 22,000 line kilometres of fixed wing airborne geophysical survey at estimated field cost of \$556,750. Due to weather, the airborne survey costs were higher than expected. The airborne geophysics were focused primarily over a well defined kimberlite indicator mineral train. Final interpretation and target selection for this program will be completed over the next few months.

### **Sakari – Amaruk Project, NU**

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 an option to earn a 50% interest in the Sakari project by making a payment of \$97,000 in refundable deposits (completed) and incurring \$185,940 in expenditures on the property on or before June 30, 2007 (completed). The Company operates the project.

#### ***Sakari Exploration Program for 2007***

On April 17<sup>th</sup>, the Company and Shear approved an \$185,000 exploration budget for the Sakari property for airborne geophysics, detailed geophysics and drill testing.

More than 1,900 line kilometres of airborne geophysics have been surveyed over the property. To date, 30% of the geophysical data has been interpreted, final interpretation and drill target selection will be completed over the next few months.

### **Siku - Amaruk Project, NU**

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 operates the project.

#### ***Siku Exploration Program for 2007***

On May 16<sup>th</sup>, the Company and Arctic Star approved a \$1,500,000 exploration budget for the Siku property for airborne geophysics, detailed geophysics and drill testing.

The Company completed more than 18,000 line kilometres airborne geophysics survey over the property. To date, 10% of the geophysical data has been interpreted, final interpretation and drill target selection will be completed over the next few months

### **Hepburn, NWT**

The Company holds a 100% interest in the 1.5 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 have been transferred to Uranium North Resources Corp. ("Uranium North"). The Company continues to hold 100% interest in all diamonds and other metals, except uranium for which the Company retains a royalty.



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### ***Hepburn Exploration Program for 2007***

For 2007, the Company proposed a \$3.0 million budget for an airborne survey on the remaining 70% of the property, evaluating over 100 of the 200 targets with detailed geophysics, and drill testing up to 20 targets.

The Company completed 375 metres of RC drilling over 21 geophysical targets covering a span of about 70 kilometres. No kimberlite was intersected. This was a first pass reconnaissance program on only 30% of the project and the information gathered will help assess and define future drill targets.

The Company completed a fixed-wing airborne geophysical survey of more than 18,000 line kilometres, a helicopter mag survey of approximately 22,900 line kms of large blocks, and detailed helicopter mag survey of approximately 3,720 line kms over select targets. Final interpretation of the data will be completed over the next few months.

### ***Future Developments for Hepburn***

For 2008, the Company anticipates an extensive program of detailed ground geophysics and drill testing of high priority targets. A final decision will be made once all the 2007 data has been received and interpreted.

### **Banks Island, NWT**

The Banks Island property covers 1.1 million acres of permits in NWT which was acquired with Majescor on a 50:50 basis. On July 5<sup>th</sup>, the Company acquired Majescor's 50% interest by issuing to Majescor, 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.

The Company will retain voting rights over the 1 million common shares and any shares resulting from the exercise of the warrants. In addition, Majescor has agreed to provide 5 business days notice to the sale of any shares and will be limited to selling no more than 200,000 shares over any 2 month period.

### ***Banks Island Exploration Program for 2007***

Airborne geophysics interpretation data had identified 65 targets with seven ranked as high to moderate priority. One high priority geophysical target has a size estimate of 12 to 14 hectares. The 2007 exploration program involved an airborne geophysical survey on the non-surveyed portion of the property. The proposed budget included a \$710,000 airborne survey, \$220,000 in till sampling and \$170,000 in ground geophysics. The initial budget was adjusted upon the acquisition of 100% of the property to align with the initial 50% portion expected.

The Company completed a 12,000 line kilometre fixed-wing airborne geophysical survey of the property. Final interpretation of the new data collected will be completed over the next few months.

### ***Future Developments for Banks Island***

For 2008, the Company anticipates conducting a program of detailed ground geophysics and drill testing of high priority targets. A final decision will be made once all the 2007 data has been received and interpreted.



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In 2007, net mineral property expenditures of \$9,730,802 consists of \$919,207 in acquisition costs, \$13,045,899 in exploration expenditures less \$3,538,750 in recoveries and \$1,055,554 in write downs. A breakdown by key projects as follows:

	Amaruk, NU	Ualliq, NU(1)	Sakari, NU(1)	Siku, NU(1)	Victoria Island NU/NWT	Banks Island, NWT	Hepburn, NWT	Kidme, NWT	Northern Recon.	Other Properties	Total
Balance at											
December 31, 2006	\$ 4,416,007	\$ 15,393	\$ 2,162	\$ 31,931	\$ 4,106,319	\$ 282,598	\$ 3,905,253	\$ 447,426	\$ 1,549,630	\$ 1,267,063	\$ 16,023,782
Additions during the period:											
Acquisition costs	1,397	16,610	-	-	-	900,000	1,200	-	-	-	919,207
Exploration:											
Project admin.	29,511	3,184	2,074	5,675	113	663	11,505	-	3,679	58	56,462
Airborne geoph.	1,449,218	446,076	100,558	1,293,788	377	324,125	1,565,674	-	1,564	-	5,181,380
Camp costs	992,529	120,731	7,857	286,973	-	57,906	241,211	-	7,702	-	1,714,909
Drilling - Core	767,479	-	-	-	-	-	-	-	-	-	767,479
Drilling - RC	2,011,592	161,120	16,120	165,790	-	-	667,394	-	-	-	3,022,016
Geochemistry	131,641	87,537	-	-	309	93,012	77,241	-	24,394	-	414,134
Geology	168,486	5,654	5,760	83,390	4,752	9,139	21,915	-	-	-	299,096
Ground geoph.	620,767	20,100	2,343	32,468	-	7,714	11,302	-	-	-	694,694
Mobilization	79,246	-	-	7,549	-	35,059	9,266	-	-	-	131,120
Permitting	386	-	-	-	-	2,075	-	-	-	-	2,461
Prospecting	116,941	13,773	6,582	10,783	-	4,483	5,580	-	-	-	158,142
Property	56,791	53,409	-	203,006	8,802	3,948	564,220	-	55,893	17,937	964,006
	6,424,587	911,584	141,294	2,089,422	14,353	538,124	3,175,308	-	93,232	17,995	13,405,899
Less:											
Recoveries	(154,978)	(1,076,558)	(171,310)	(1,994,881)	-	(66,523)	-	-	(61,405)	(13,095)	(3,538,750)
Write downs	-	-	-	-	-	-	-	-	(689,896)	(365,658)	(1,055,554)
	(154,978)	(1,076,558)	(171,310)	(1,994,881)	-	(66,523)	-	-	(751,301)	(378,753)	(4,594,304)
Net additions	6,271,006	(148,364)	(30,016)	94,541	14,353	1,371,601	3,176,508	-	(658,069)	(360,758)	9,730,802
Balance at											
September 30, 2007	\$ 10,687,013	\$ (132,971)	\$ (27,854)	\$ 126,472	\$ 4,120,672	\$ 1,654,199	\$ 7,081,761	\$ 447,426	\$ 891,561	\$ 906,305	\$ 25,754,584

1. Included under "Amaruk Property" in 2006.



**Results of Operations**

**-Current Quarter Results**

The Company's cash position decreased \$3,419,735 to \$4,876,859. Mineral property acquisition and exploration costs used \$6,617,447 in cash reflecting airborne, RC and core drilling, and other exploration on it's Amaruk project. Accounts payable and accrued liabilities provided \$2,032,883 in cash funding, due to timing on completion of field work to dates invoiced by contractors. In addition, the exercise of 210,000 warrants provided \$180,180.

In August, the Company completed a flow-through financing for net proceeds of \$4,305,828. Flow-through funds are classified as 'cash, flow-through exploration funds' and not cash and cash equivalents. Therefore, the financing is not included in calculating the Company's cash position for accounting purposes.

**-Nine Months ended September 30, 2007 compared with the Nine Months Ended September 30, 2006**

General and administrative expenses of \$1,994,066 (2006 - \$1,290,693) represents a \$703,373 increase compared to the comparative fiscal period. Notable changes include:

- Directors' fees of \$282,694 (2006 - \$100,385) reflects compensation for the four independent directors of \$30,000 in cash and \$252,694 in stock-based compensation.
- Investor relations and promotion of \$473,994 reflects the Company's effort to broaden its corporate profile in financial markets, a breakdown is below. During the summer, a video documentary was completed and several analysts/brokers were flown to the Amaruk property for a site visit.

	<b>2007</b>	<b>2006</b>
Administration	\$ 2,463	\$ 5,807
Conferences, trade shows and site visit	118,477	55,240
Consulting, wages and benefits	197,922	84,621
Media	42,635	29,187
Promotion and advertising	50,683	32,024
Stock-based compensation expense	61,814	30,564
	<b>\$ 473,994</b>	<b>\$ 237,443</b>

- Stock-based compensation expense of \$791,170 (2006 - \$378,175) was allocated to the statement of operations categories as follows:

	<b>2007</b>	<b>2006</b>
Accounting and audit	\$ 16,484	\$ 13,434
Administration	13,179	11,708
Consulting	33,196	28,789
Directors fees	252,694	100,385
Investor relations	61,814	30,564
Wages and benefits	413,803	193,295
	<b>\$ 791,170</b>	<b>\$ 378,175</b>

- Gain on sale of marketable securities of \$953,362 resulted from the sale of common shares of Bayswater Uranium Corporation and Serengeti Resources Inc. The shares were received under option agreements and the Company is not an insider of either company. The sale resulted in the reclassification of \$553,301



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in unrealized gains on marketable securities transferred to net income from accumulated other comprehensive income.

- Mineral property transactions of \$341,731 includes the receipt of 294,000 Bayswater Uranium Corporation shares, under the Thelon option, valued at \$341,040.
- Future income tax recovery of \$3,502,418 resulted from the renouncement of exploration expenditures to investors under its flow-through share program. This is a non-cash transaction.

The Company's income for the period was \$2,048,847 (2006 – \$878,739) or \$0.04 per share (2006 – \$0.02) and largely due to the future income tax recovery noted above. The Company does not anticipate paying dividends in 2007.

Other comprehensive loss of \$34,438 included \$180,565 in unrealized losses on marketable securities and \$47,778 in unrealized loss on the convertible loan, off-set by a future income tax recovery. This other comprehensive loss represents the decrease in market value of the marketable securities portfolio since the beginning of the year.

**Summary of Quarterly Results**

	Dec. 31 2005 Q4	Mar. 31 2006 Q1	Jun. 30 2006 Q2	Sept. 30 2006 Q3	Dec. 31 2006 Q4	Mar. 31 2007 Q1	Jun. 30 2007 Q2	Sept. 30 2007 Q3
Mineral expenditures, net of recoveries	\$ 106,104	\$ (112,034)	\$ 1,880,861	\$ 2,374,715	\$ (544,203)	\$ 2,426,298	\$ 1,052,611	\$ 6,617,447
G&A Expense	\$ 419,876	\$ 321,698	\$ 627,407	\$ 341,588	\$ 561,539	\$ 757,347	\$ 680,594	\$ 556,125
Stock-based comp. exp.	\$ 107,099	\$ 41,766	\$ 159,298	\$ 177,111	\$ 177,111	\$ 309,780	\$ 231,789	\$ 249,601
Income (loss)	\$ 790,966	\$ 431,128	\$ (679,779)	\$ 1,127,390	\$ (1,845,156)	\$ 2,331,823	\$ 164,229	\$ (455,455)
Income (loss) per share -basic	\$ 0.02	\$ 0.01	\$ (0.02)	\$ 0.03	\$ (0.04)	\$ 0.05	\$ -	\$ (0.01)
Weighted avg. common shares outstanding -basic	32,349,717	39,542,134	39,544,655	43,042,730	42,451,985	51,621,053	52,312,074	55,914,592

The Company conducts diamond exploration in Canada's north, and mineral expenditures are subject to seasonal conditions with the majority of expenditures during Q2 and Q3. In Q1-2006, the Company's mineral recoveries exceeded expenditure due to cash received under the Blue Ice option agreement and refund of exploration bonds. In Q4-2006, the Company recovered exploration costs from the Amarak 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.



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**Liquidity**

At September 30, 2007, the Company had \$9,079,651 in working capital, which is sufficient to complete the Company's business objectives for fiscal 2007. The Company's 2007 focus has been the Amaruk, Hepburn and Banks Island exploration projects which will continue into 2008. Management is currently evaluating the financial requirements for the upcoming 2008 exploration programs. As of the Report Date, the Company has received \$457,641 from the exercise of 1,071,500 stock options, \$180,180 from the exercise of 210,000 warrants and \$4,305,828 from the private placement described below.

On August 16<sup>th</sup> and 23<sup>rd</sup>, 2007, the Company completed the first and second tranches of a non-brokered private placement of 4,551,000 flow-through common shares at a price of \$1.00 per share. Finder's fee of \$217,750 in cash and 261,300 in warrants to purchase up to 261,300 common shares at a price of \$1.00 of which 231,300 warrants expire on August 15, 2008 and 30,000 warrants expire on August 22, 2008, were paid and issued to non-related third parties in connection with the financing.

**Capital Resources**

The Company does not have operating cash flow and has relied primarily on equity financings to meet its cash requirements. 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.

**Off-Balance Sheet Arrangements**

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

**Related Party Transactions**

The Company has engaged a business owned by Bernard Kahlert, 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 \$14,175.

The Company paid an aggregate of \$30,000 in directors' fees to the four independent directors of the Company.

At September 30, 2007, the Company held 14.1% of the issued common shares of Uranium North. Mark Kolebaba and Maynard Brown are directors of the Company and Uranium North.

Given that the Company's directors and officers are engaged in a wide range of activities, the Company operates under the conflict of interest provisions found within the Business Corporations Act of British Columbia. In addition, management adopted a set of Corporate Governance policies which incorporated language from these provisions into the Company's Code of Business Conduct and Ethics.

**Proposed Transactions**

None.

**Changes in Accounting Policies**



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For changes in accounting policies, see the MD&A for the three months ended March 31, 2007.

**Financial Instruments**

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash, cash equivalents and cash exploration funds have 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 accounting standards, the Company has recorded its assets and liabilities at 'fair value' and the impact to marketable securities at September 30, 2007 is as follows:

Marketable Securities	Carrying Value	Unrealized Gains	Fair Value
Available-for-sale	\$ 1,027,743	\$ 1,177,373	\$ 2,205,116
Conversion of loan receivable	-	-	-
	<u>\$ 1,027,743</u>	<u>\$ 1,186,944</u>	<u>\$ 2,214,687</u>

Included in the carrying value of available-for-sale marketable are 2,265,000 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.

Uranium North shares resulting from the conversion of the loan receivable and/or exercise of any warrants will be subject to the same escrow terms. At September 30, 2007, the Uranium North convertible units were out of the money.

**Disclosure Controls and Procedures - Certification of Interim Filing**

Based on their knowledge, the President and Chief Financial Officer of the Company have reviewed the interim filing and certified that the interim consolidated financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company. The President and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company, and they believe:

- the disclosure controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, are made known to them, particularly during the period in which the interim filings are being prepared; and
- the internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Canadian generally accepted accounting principles.

There was no material changes in the Company's internal control over financial reporting that occurred during the period.



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**Other MD&A Requirements**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

As of the Report Date, the Company had 58,411,820 issued common shares outstanding and the following unexercised stock options and warrants:

-Stock Options

Expiry Date	Exercise Price	Number of Shares
December 19, 2007	\$0.686	50,000
February 20, 2008	\$0.686	482,200
March 4, 2008	\$0.686	100,000
May 22, 2008	\$0.686	60,000
October 6, 2008	\$0.600	111,000
March 30, 2009	\$1.021	200,000
August 8, 2009	\$0.944	560,000
October 18, 2009	\$0.858	300,000
January 27, 2010	\$0.858	50,000
March 22, 2010	\$0.987	252,500
May 17, 2010	\$0.729	550,000
April 12, 2011	\$0.848	1,660,000
July 13, 2011	\$1.021	135,000
February 27, 2012	\$0.770	1,630,000
May 3, 2013	\$1.010	600,000
May 9, 2013	\$1.030	337,000
		7,077,700

-Warrants

Expiry Date	Exercise Price	Number of Shares
February 16, 2008	\$0.850	515,789
August 15, 2008	\$1.000	231,300
August 25, 2008	\$1.000	30,000
		777,089