



MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended March 31, 2008

General

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Solex Resources Corp. ("Solex" or the "Company") during the nine months ended March 31, 2008. Management of the Company has prepared this MD&A as of May 15, 2008.

This MD&A is a complement and supplement to the interim consolidated financial statements for the nine months ended March 31, 2008. It should be read in conjunction with the Company's interim consolidated financial statements for the nine months ended March 31, 2008 and the audited annual consolidated financial statements for the year ended June 30, 2007; both can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Except for historical information, this MD&A includes forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The Company assumes no obligation to update its forward-looking statements to reflect results, changes in assumptions or changes in other factors affecting such statements.

Overall Performance

Exploration

The main focus of the Company's work during the period was advancing exploration on its uranium properties.

The operator on the Company's joint ventured Macusani East uranium project, Frontier Pacific Mining Corporation ("Frontier Pacific") achieved early completion of their earn-in expenditures, and the joint venture partners are now sharing funding equally. The joint venture partners are in the process of forming the requisite Peruvian corporate vehicle to hold the assets and reflect the new ownership interest. In January, the joint venture partners announced a 2008 \$5.5 million drill program and the expected completion of its National Instrument 43-101 resource estimate based on the 2007 drilling campaign.

This period also saw the launch of significant regional and detailed exploration programs on the Company's wholly owned Macusani West Project (37,100 hectares) and Macusani South project (5,300 hectares). As a result, a widespread surface uranium mineralization has been identified throughout these properties. The program included geological mapping, geochemical sampling and hand held scintillometre prospecting. 15 surface anomalies have already been identified for follow up, with visible uranium (predominantly autunite and torbernite) and scintillometre readings in excess of 30,000 counts per second. In general, the rock type is the same as that is found on the joint ventured Macusani East properties, but intensely fractured and deformed by the effect of the multiple intrusive phases.

In the most recent three months ended March 31, 2008, further systematic work on Macusani South increased the level of detailed geological mapping and concentration of geochemical sampling, including channel sampling. Concurrently, a geophysical survey was executed by Val'Dor Geophisica using the gamma ray method and a line spacing of 100 metres and exceptionally 50 metres. Based on the results from this work, initial drill targets are now being refined. Planning for an initial drill program on these targets is well underway.

Finally, a field program to augment the 2007 drill campaign on the Princesa base metal property was executed during the period. The culmination of this work is currently being finalized for an updated 43-101 technical report.

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Financial

As of March 31, 2008, the Company had \$5,871,576 in cash and cash equivalents, having generated minor addition amounts through the conversion of options (\$220,000) and earning interest income of \$271,812.

Of the \$5.4 million of funds expended during the period, \$4.1 million was invested in resources properties and equipment. The vast majority of this amount was spent on advancing exploration on the Company's uranium interests. The Macusani East joint ventured project is the first of the uranium projects to advance to a stage of resource definition. Significant regional as well as detailed exploration programs were executed on the Company's wholly owned uranium properties for the first time during this period with encouraging results to date.

The Company incurred a Net loss of \$2,393,437, 42% of which is attributable to the Stock option compensation expense.

Selected Interim Information

The following chart shows the financial results derived from the Company's financial statements for each of the three most recently completed nine months ended March 31.

	March 31, 2008	March 31, 2007	March 31, 2006
Loss for the period	\$ 2,393,437	\$ 3,536,200	\$ 1,525,303
Loss per share	0.04	0.08	0.06
Total assets	16,471,677	18,324,514	2,606,664

Results of Operations

Uranium Properties

Macusani East, Joint Ventured Uranium Project (67 claims, 43,320 hectares)

On January 14, 2008, the joint venture partners confirmed that Frontier Pacific, the operator, had completed the terms of the 2005 Option Agreement early, including \$4 million of exploration expenditures and had earned its 50% interest. The Macusani joint ventured project will now be held in a Peruvian joint venture management company in which share ownership will be held 50% by each of the joint venture partners. Both ownership interests will be equally represented at the Board level of the new company, with the Board governing all of the company's business activities. Frontier Pacific will continue as the operator of the project.

For the 2008 calendar year, the joint venture is projecting an exploration budget of approximately \$5.5 million, including a two drill program. The first drill will be dedicated to expanding the initial targets drilled in 2007 and the second drill will be used to test 10 new targets generated during the same period. Since July 2007, the Macusani East joint venture project has been funded equally by both companies.

Frontier Pacific is currently completing the first National Instrument 43-101 compliant resource calculation on the results from a completed 24,000-metre drill program on the initial seven targets at the Macusani East project. Additionally, metallurgical column testing is underway at Lakefield Research in Ontario on a 450 kilogram sample of drill core from the Calvario I, Calvario III and Sayana Central uranium resource targets. The national Instrument 43-101 report which was due in the first quarter of 2008 is taking longer than expected to complete. The receipt date has now been revised to the third quarter.

The latest results from the 2007 drilling campaign were announced during the period and are as follows:

Puncopata Target: Drill results from a completed 12-hole drill program at their Puncopata near-surface uranium target announced on January 1, 2008 and confirmed a near-surface, flat lying ignimbrite volcanic flow containing a weighted average grade of 0.055% U₃O₈ (552ppm U₃O₈) or 1.1 pounds per ton (U₃O₈) over an average stratigraphic thickness of 4.0 metres covering an area measuring 800 metres by 150 metres in plan view. The drill results show excellent continuity of uranium grade within a strata-bound westerly-terminating wedge of the T2 ignimbrite volcanic flow. Highlights are as follows:

- 8m @ 7.5 lbs/ton (0.373%) U₃O₈ (in drillhole PUN07-01)
- 7m @ 3.8 lbs/ton (0.189%) U₃O₈ (in drillhole PUN07-09)
- 2m @ 2.5 lbs/ton (0.125%) U₃O₈ (in drillhole PUN07-02)

Uranium mineralization found through drilling at Puncopata occurs as several mineralogical types, disseminated between tuffaceous fragments and within congealing fracture fillings related to cooling of the near-surface flows. In several locations, the favourable uraniferous ignimbrite flows appear stacked one on top of the other and separated in most cases by barren or low grade ignimbrites.

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Calvario II Target: The drill results (announced on February 25, 2008) from a 32-hole drill program at Calvario II confirmed a near-surface, flat lying ignimbrite volcanic flow containing a weighted average grade of 0.01% U3O8 (103ppm U3O8) or 0.21 pounds per ton (U3O8) over an average stratigraphic thickness of 3.0 metres covering an area measuring 200 metres by 150 metres in plan view. This represents approximately 12% of the total size of the radiometric anomaly, which measures 700 m x 350 m.

Higher-grade mineralization remains open to the north and west within the remaining radiometric anomaly and results show good continuity of uranium grade within the strata-bound T2 ignimbrite volcanic flow. Highlights are as follows:

- 2m @ 3.5 lbs/ton (0.177%) U3O8 (in drillhole CII07-15)
- 2m @ 2.4 lbs/ton (0.118%) U3O8 (in drillhole CII07-11)
- 5m @ 1.0 lbs/ton (0.051%) U3O8 (in drillhole CII07-15)
- 3m @ 1.0 lbs/ton (0.051%) U3O8 (in drillhole CII07-31)

Macusani South, 100% Owned Uranium Project (7 claims and 5,300 hectares)

During the period, the Company completed its first surface exploration program on its 100% owned Macusani South property identifying widespread surface uranium mineralization. The program included geological mapping, geochemical sampling and hand held scintillometre prospecting. A number of surface anomalies were identified with visible uranium (predominantly autunite and torberntie) and scintillometre reading in excess of 30,000 counts per second.

During the three months ended March 31, 2008, further systematic work increased the level of detailed geological mapping and concentration of geochemical sampling, including channel sampling. Concurrently, a geophysical survey was executed by Val'Dor Geophysica using the gamma ray method and a line spacing of 100 metres and exceptionally 50 metres. Based on the results from this work, initial drill targets are now being refined with planning for an initial drill program well underway.

Macusani West, 100% Owned Uranium Project (41 claims and 37,100 hectares)

Regional exploration work on these previously unexplored properties commenced in September 2007 with teams active through to the middle of December. The program has covered 22,700 hectares and has identified widespread uranium mineralization throughout both the Macusani West and Macusani South Central projects. To date, 11 anomalous target areas totaling 2,960 hectares have been identified, each ranging in size from 883 to 32 hectares.

The program consisted of four geological teams undertaking 1:25,000 scale geological mapping, geochemical sampling (461 rock samples) and prospecting using radiometric readings from hand scintillometres, as well as interpretation of satellite imagery (Photo, Aster, Landsat). During the most recent quarter, the analysis of the results and reporting on the field work were completed.

The complexity of the geology has resulted in the emplacement of multiple intrusive phases. The geology shows tuffs (Yapamayo series from Tertiary Quenamari formation) which are in some cases welded and leached at different levels. In general, this is the same rock type that is found at Macusani East (the Company's separately joint ventured uranium project), but intensely fractured and deformed by the effect of the multiple intrusive phases. Furthermore, the Macusani West claim block is bordered in the northwest by outcropping uraniferous cretaceous sediments, mainly composed of sandstones and quartzites pertaining to the Veluyo formation.

The next stage is to systematically follow up on these anomalies and ultimately graduate these anomalies to drill target status. Planning and logistic infrastructure support for the follow up program was completed during this period in preparation of recommencement of field activities. This is now scheduled for the second half of the year.

Picotani, 100% Owned Uranium Project

The Picotani uranium property consists of eight claims totaling 6,606 hectares and is grassroots in nature. Little is known of the area and the exploration activities have been minimal to date. During the period, the Company completed an access agreement with the local communities, which will enable the company to complete more detailed and systematic exploration activities, including drilling in the future. The timing and extent of future work on these properties have not yet been determined.

Precious/Base Metal Properties

Princesa and Pilunani, 100% Owned Silver-Lead-Zinc Projects

During the period the Company completed a program of field work on the Princesa project that consisted of detailed geological mapping, further geochemical sampling of outcrops, veins as well as selective relogging of drill core. This program was designed to improve the quality and completeness of the understanding of the geological setting and to better evaluate the results generated from the 64 hole, 5,800 metre drill campaign completed in 2007. The culmination of this work is currently being finalized into an update 43-101 technical report.

A similar program on the Pilunani project is currently underway.

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Resource Property Expenditures

	Macusani East	Macusani West	Macusani South	Picotani	Pilunani – Princesa Belt	Cullquimayo	Totals
Balances, June 30, 2007	\$ -	\$ 510,035	\$ -	\$ 177,527	\$ 4,181,897	\$ 331,079	\$ 5,200,538
Deferred Exploration Costs							
Acquisition	-	-	-	-	-	-	-
Geology	313,913	427,462	314,771	54,518	246,221	-	1,356,885
Geophysics	123,117	-	66,824	-	1,344	-	191,285
Assays	53,762	4,566	11,617	5,708	10,451	-	86,104
Drillings	1,158,221	-	-	-	-	-	1,158,221
Logistics	328,799	49,069	77,950	60,414	70,420	3,592	590,244
Project management	-	21,653	14,763	18,459	34,194	1,433	90,502
Community relations	8,810	60,482	49,068	40,635	27,664	-	186,659
Fees, permits & licenses	37,676	41,117	-	169	533	-	79,495
Legal & accounting	66,862	53	176	4,395	4,050	-	75,536
Travel	26,024	28,697	29,979	3,041	5,528	282	93,551
VAT	-	169,094	150,945	50,036	106,943	1,417	478,435
Total Spending	2,117,184	802,193	716,093	237,375	507,348	6,724	4,386,917
Write-off	(64,713)	-	-	-	-	-	(64,713)
Balances, March 31, 2008	\$ 2,052,471	\$ 1,312,228	\$ 716,093	\$ 414,902	\$ 4,689,245	\$ 337,803	\$ 9,522,742

Financial

The nine months and three months ended March 31, 2008 and 2007

The Company has now entered into a more advanced stage of exploration with its joint venture partner on the Macusani East properties. This is largely responsible for the increase in exploration expenditures of \$1,399,159 (53%) when compared to the same period last year. In addition to contributing equally to the drilling program on Macusani East joint venture uranium properties, the Company also launched an extensive regional exploration program on its wholly owned Macusani West and Macusani South uranium properties (See section Results of Operations). Over the nine month period, the Company spent a total of \$4,051,975 (\$2,652,816 in 2007) on exploration expenditures.

The change in Net loss from \$3,536,200 in 2007 to \$ 2,393,437 in the current year is mainly accounted for by the decrease in the stock option expense from \$2,181,967 to \$998,630 as a consequence of significant fewer stock options being granted. Various other changes include reductions in areas such as Investor relations, Travel and entertainment, Office, rent and miscellaneous, Filing fees and transfer agent, as a result of lower activity in part due to reduced stock market activity. The addition of Directors' fees reflects a new policy adopted to remunerate independent Directors for their services on the Board and Committees. Increases in Professional fees was partly in response to the dissident proxy circular. As a result of the weaker US Dollar, the Company realized a Foreign exchange gain of \$123,735, compared to \$26,304 last year.

For the three months ended March 31, 2008, the Company incurred a total loss of \$339,186. It represents only 13% of the loss in the same period last year. This is due to difference in Stock option compensation expenses: \$5,160 in this period compared to \$2,007,653 in the same period last year.

Besides the \$165,810 higher Foreign exchange gain, a significant drop in Administrative expenses also contribute to the decrease in loss. Over the three months, the Company spent \$174,227 less in Travel, Professional fees, Filing fees and transfer agent, Office, rent and miscellaneous, Consulting fees, Management fee and Investors relations. This was partly offset by the new Directors' fees of \$29,000 and Salaries increased by \$13,567 with the hiring of a full time VP for Corporate development.

During the current three month period, \$1,058,572 was spent on exploration expenditures compared to \$1,500,575 in the comparative period.

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The nine months ended March 31, 2008 since the year ended June 30, 2007

Over the nine months since the last fiscal year end, the Company had incurred a loss of \$2,393,437, of which \$998,630 is related to Stock option compensation, and has accumulated losses of \$9,446,795.

Total assets were down by \$1,080,255, with major changes being a reduction of cash by \$5,414,407 as offset by increases in Resource property expenditures by \$4,322,204 since the last fiscal year end.

In addition to the aforementioned charge of \$998,630 of Stock option compensation to the Statement of Operations and Deficit, the Company incurred other General and administrative expenses of \$1,601,906 in nine months.

Summary of Quarterly Results

	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
Operating loss for period	\$ 338,829	\$ 1,752,273	\$ 509,434	\$ 741,258	\$ 2,628,786	\$ 527,270	\$ 473,078	\$ 496,018
Total loss for period	339,186	1,656,223	398,028	816,839	2,576,139	503,084	456,977	325,350
Loss per share	\$0.01	\$0.03	\$0.01	\$0.02	\$0.05	\$0.01	\$0.01	\$0.01

Liquidity

The Company had cash and cash equivalents on hand \$5,871,576 as of March 31, 2008 (June 30, 2007 - \$11,285,983). The Company currently has sufficient cash resources to meet its ongoing obligations as they become due.

	March 31, 2008	June 30, 2007
Working Capital	\$ 5,802,474	\$ 11,363,164
Deficit	9,446,795	7,053,358

Corporate Activities

The Company elected Robert Boaz, Jonathan Challis, Gary German, Etienne Walter and Antony Wood as directors at its annual and special meeting of shareholders held on November 21, 2007.

On November 28, 2007, the Company appointed Deborah Thiel as Vice President Corporate Development. Ms. Thiel is responsible for overseeing the Company's public relations, investor relations, corporate development and compliance activities.

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Capital Resources

The Company has no operations that generate cash flow and its long-term financial success is dependant on management's ability to discover economically viable quantities of ore. The exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for exploration investment, the Company's track record and the experience and caliber of its management.

The Company currently has sufficient financial resources to meet its administrative overhead expenses and to undertake all of its planned exploration activities for the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence of equity capital, including the securing of joint venture partners where appropriate.

At March 31, 2008, the Company had 4,500,000 warrants and 4,895,000 options outstanding.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements or amounts.

Transactions with Related Parties

The Company has incurred charges from directors and officers of the Company and companies in which a director or an officer acts as a manager of the Company. These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

	March 31, 2008	March 31, 2007
Consulting fees, paid to Jonathan Challis, Officer and Director	\$ 168,750	\$ 150,000
Management fees, paid to Sebastian Reidl, Officer and Director (resigned February 1, 2007)	-	87,000
Director's fees, paid to Robert Boaz, Independent Chairman and Director	28,000	-
Director's fees, paid to Gary German, Director	12,606	-
Director's fees, paid to Etienne Walter, Director	14,956	-
Consulting fees, paid to Nexus Consultants Inc, controlled by Deborah Thiel, Officer	48,750	-
Rent, paid to Nikora Investment Inc., controlled by Deborah Thiel, Officer	-	2,400
	<u>\$ 273,062</u>	<u>\$ 239,400</u>

Proposed Transactions

There are no proposed transactions

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Changes in Accounting Policies Including Initial Adoption

On July 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1506 – Accounting Changes. This standard established criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimate, and correction of errors.

Effective July 1, 2007, the Company adopted the CICA Handbook Section 3855 - Financial Instruments, Recognition and Measurement and Section 1530 – Comprehensive Income. These new standards require us to revalue certain financial assets and liabilities at fair value on the date of implementation.

Section 3855 - Financial Instruments, Recognition and Measurement

The new standards require us to classify these financial assets and liabilities according to their characteristics and management’s choices and intentions related thereto for the purposes of subsequent accounting. Classification choices for financial assets include: (a) Held for Trading; (b) Held to Maturity; (c) Available for Sale; and (d) Loans and Receivables. Classification choices for financial liabilities include: (a) Held for Trading; and (b) Other. Subsequent accounting for these assets and liabilities will be based on either fair value or amortized cost using the effective interest method, depending upon their classification.

Financial assets and financial liabilities classified as held-for-trading are required to be measured at fair value, with gains and losses recognized in net earnings.

Financial assets classified as held-to-maturity, loans and receivables and financial liabilities (other than those held-for-trading) are required to be measured at amortized cost using the effective interest method of amortization.

Available-for-sale financial assets are required to be measured at fair value, with unrealized gains and losses recognized in Other Comprehensive Income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market should be measured at cost.

The Company has implemented the following classification:

Cash and cash equivalents, accounts receivable and other receivables are classified as “held-for-trading”. These financial assets are measured at fair market value and the gain/loss resulting from the evaluation at the end of each period is recorded in net income.

Long-term investment is classified under “available-for-sale financial assets”. It is measured at fair market value and the gain/loss resulting from the evaluation at the end of each period is recorded as Comprehensive income.

Accounts payable and accrued liabilities are classified as “held-for-trading”. These financial liabilities are measured at fair market value and the gain/loss resulting from the evaluation at the end of each period is recorded in net income.

Effect of the Changes in Accounting Policies

Following the adoption of new standards, Long-term investment has been classified under “available-for-sale financial assets”. As at July 1, 2007, the carrying value and fair value of Long-term investment were \$436,000 and \$592,500 respectively. The initial valuation resulted in a net unrealized gain of \$156,500. This net unrealized gain is presented as an adjustment to Long-term investment and Accumulated other comprehensive loss.

Section 1530 – Comprehensive Income

Comprehensive Income is comprised of Net Earning (Loss) and Other Comprehensive Income (“OCI”), which represents changes in shareholders’ equity during a period arising from transactions and other events with non-owner sources. OCI would generally include unrealized gains and losses on financial assets classified as available-for-sale. The Company’s consolidated financial statements include a consolidated statement of Other Comprehensive Income while the cumulative amount and Accumulated other comprehensive income (“AOCI”), are presented as a separate item of shareholders’ equity.

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Recent Accounting Pronouncements

Financial Instrument Disclosures

In March 2007, the CICA issued section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard 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. These sections are effective January 1, 2008 but are not expected to have an impact on the Company's disclosure and presentation.

Capital Disclosures

In December 2006, the CICA issued Section 1535 Capital Disclosures. This section establishes standards for disclosing information about an entity's objectives, policies, and processes for managing capital. This section is effective January 1, 2008 but is not expected to have an impact on the Company's disclosure and presentation.

General Standards of Financial Statement Presentation

In June 2007, the CICA issued Section 1400, Amendments, General Standards of Financial Statement Presentation, which include requirements to assess and disclose an entity's ability to continue as a going concern. The requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company monitors its ability to continue operating on an ongoing basis. The amendments to Section 1400 are not expected to have an impact on the Company's financial statements.

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 generally accepted accounting principles ("GAAP") with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 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.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, other receivables, and accounts payable. Unless otherwise noted, it is Management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

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National Instrument 51-102 Section 5.4

Warrants

The following summarizes the warrants that have been granted, exercised and expired during the period ended March 31, 2008 and the year ended June 30, 2007:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2006	4,480,817	\$ 0.37
Granted	7,312,727	\$ 1.31
Exercised	(6,678,744)	\$ 0.50
Expired	(74,800)	\$0.75
Balance, June 30, 2007	5,040,000	\$ 1.55
Granted	-	-
Exercised	-	-
Expired	(540,000)	\$1.20
Balance, March 31, 2008	4,500,000	\$ 1.59

As of March 31, 2008, the Company had share purchase warrants outstanding as follows:

Expiry Date	Exercise Price	Number of Shares	
		March 31, 2008	June 30, 2007
August 27, 2008	\$1.60	4,500,000	4,500,000
February 27, 2008	\$1.20	-	540,000
		4,500,000	5,040,000

Stock options

The following summarizes the options that have been granted, exercised, cancelled or expired during the period ended March 31, 2008 and the year ended June 30, 2007:

	Number of Shares	Exercise Price Per Share
Balance, June 30, 2006	3,055,000	\$ 0.41
Options granted	3,215,000	\$ 1.19
Options exercised	(1,475,000)	\$ 0.34
Options cancelled	(165,000)	\$ 0.89
Balance, June 30, 2007	4,630,000	\$ 0.96
Options granted	2,085,000	\$ 0.50
Options exercised	(525,000)	\$ 0.42
Options expired/cancelled	(1,295,000)	\$ 0.55
Balance, March 31, 2008	4,895,000	\$ 0.93

Other than investor relations personnel, whose options vest in four equal installments over the first 12 months, stock options vest 100% upon grant.

Stock-based awards are measured and recognized using a fair value based method. During the nine months ended March 31, 2008, the Company granted options to purchase up to 2,085,000 shares at the exercise price of \$0.50 per share, with an estimated combined fair value of \$860,649 as determined using the Black-Scholes option pricing model.

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The fair value of each option grant is calculated using the following weighted average assumption:

	2008	2007
Expected life (years)	5.00	2.00
Interest rate	4.35%	3.87%-4.19%
Volatility	116%	87%-138%
Dividend yield	0.00%	0.00%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and, therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

As at March 31, 2008, the following share purchase options were outstanding:

Expiry Date	Exercise Price	Number of Shares	
		March 31, 2008	June 30, 2007
October 7, 2007	\$ 0.40	-	1,005,000
January 30, 2008	\$ 0.49	-	100,000
March 27, 2008	\$ 0.68	-	400,000
April 26, 2008	\$ 0.50	30,000	80,000
August 11, 2008	\$ 0.46	85,000	185,000
September 30, 2008	\$ 0.46	-	100,000
November 1, 2008	\$ 0.58	200,000	200,000
February 9, 2009	\$ 1.20	150,000	150,000
February 9, 2009	\$ 1.27	150,000	150,000
March 7, 2009	\$ 1.35	1,695,000	1,760,000
March 13, 2009	\$ 1.35	250,000	250,000
March 27, 2009	\$ 1.35	250,000	250,000
October 8, 2012	\$ 0.50	2,085,000	-
Total options outstanding	\$ 0.93	4,895,000	4,630,000
Total options exercisable	\$ 0.93	4,870,000	4,455,000

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Escrow shares

A total of 4,550,000 common shares were subject to an escrow agreement signed in 2004. Shares are subject to a time release over a three-year period as follows:

- (i) 10% - October 28, 2004 (released);
- (ii) 15% - 6 months after October 28, 2004 (released);
- (iii) 15% - 12 months after October 28, 2004 (or October 28, 2005) (released);
- (iv) 15% - 18 months after October 28, 2004 (or April 28, 2006) (released);
- (v) 15% - 24 months after October 28, 2004 (or October 28, 2006) (released);
- (vi) 15% - 30 months after October 28, 2004 (or April 28, 2007) (released); and
- (vii) 15% - 36 months after October 28, 2004 (or October 28, 2007) (released).

On October 26, 2006, there was an additional 157,500 escrow shares added from an exercise of warrants.

- (i) 33% - October 28, 2006 (released);
- (ii) 33% - 6 months after October 28, 2006 (or April 28, 2007) (released); and
- (iii) 33% - 12 months after October 28, 2006 (or October 28, 2007) (released).

As of December 31, 2007, all 4,707,500 shares in escrow have been released.

Risks and Uncertainties – Environmental, Regulatory, Capital Markets and Others

The Company operates as a mineral explorer in the mining industry. Mineral exploration involves considerable financial and technical risk. Substantial time and expenditures are usually required to make a discovery and to establish economic ore reserves. It is impossible to assure that the current exploration properties and programs planned by the Company will result in an economic mineral discovery and development. Accordingly, success in achieving the objectives of the Company is affected by many circumstances over which the Company 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.

The Company'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 Company to raise exploration funds in the capital market is highly dependent on the value the market places on the Company's mineral properties and the strength of the metal markets. The value the market places on the Company's mineral properties is directly related to the grade and thickness of the contained mineralization being reported and the potential to develop these mineral values into an economic deposit.

Outlook

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

Another area of financial risk to the Company is the rise in costs to perform exploration activities throughout Peru. Over the last three years, exploration costs have gone up 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.

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

Other factors that may affect the performance of the Company is the positive or negative movement in metal prices, which is strongly related to the health of the global markets, affecting the overall demand for metals.

Currently the metal markets are generally strong driven by rapidly expanding Asian economies. The Company believes that the current strong metal prices are generally sustainable in the immediate future due to the overall growth in the global economies and particularly in the developing nations such as China and India.

All uranium exploration companies have seen a distinct change in investor sentiment with the considerable volatility seen in the uranium spot price since the summer 2007 which has had a negative impact on our share prices. Following a seven fold increase in the uranium spot price over the last five years, the spot price since June 2007 has dropped considerably from its \$140 (per pound U3O8) high to

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approximately \$65/lb. However, the long term uranium price has remained more consistent and is currently in the \$90/lb range. The Company believes that the underlying demand for uranium remains strong.

Disclosure Controls and Procedures

Pursuant to Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, management has designed and evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2008 and found them to meet required standards.

Other

Share Ownership Interest of Directors and Officers

As of May 15, 2008, the directors and officer of the Company own the common shares and options as follows:

Name	Common Shares	Options
Jonathan Challis, President and Director	1,074,500	900,000
Robert Boaz, Chairman and Director	-	400,000
Tony Wood, COO, CFO and Director	-	900,000
Gary German, Director	-	400,000
Etienne Walter, Director	-	350,000
Deborah Thiel, Officer	173,000	350,000

Property Reports

The company's most recent property reports for the Macusani, Pilunani and Cullquimayo properties, prepared under national instrument 43-101 are available on www.sedar.com.