



# MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended December 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 six month period ended December 31, 2008. Management of the Company has prepared this MD&A as of February 11, 2009.

This MD&A is a complement and supplement to the interim consolidated financial statements for the six months ended December 31, 2008. It should be read in conjunction with both the Company's interim consolidated financial statements for the six months ended December 31, 2008 and the audited annual consolidated financial statements for the years ended Jun 30, 2008; both can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A has been reviewed and approved by the Company's Audit Committee and Board of Directors.

## Forward-Looking Statements

Except for historical information, this MD&A includes forward-looking statements, which by their nature, are subject to risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The statements are not a guarantee of future performance. Readers are cautioned not to place undue reliance on forward-looking statements, as a number of important factors, as discussed herein and in our other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward-looking statements. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "plans" and other similar expressions. 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

The story of the period and subsequent weeks has been the decline and continuing volatility of the global financial markets. The Toronto Venture Exchange experienced a steady decline from 2,596 to 1,415 points during the three month period to September and more precipitously to less than 800 points by December 31, 2008. Share prices of junior exploration companies listed on the exchange, such as Solex, have fallen to just a few cents, and financing activity for the sector is currently extremely difficult and equity financings were almost non-existent during the second quarter.

In response to the deterioration in the equity markets, the Company has taken increasingly aggressive steps during, and subsequent to, the second quarter to preserve capital. It will maintain progress on its key metallurgical testing and data evaluation programs on Macusani West and the joint ventured Macusani East; all other field programs have now been halted. Furthermore, Corporate and Head Office expenditures have been significantly reduced through the restructuring of senior management and employee pay from fixed to variable and generally cutting back on all non-essential corporate costs. Management expects these actions to contribute significantly to the company's ability to fund its planned 2009 expenditures from current working capital.

The greatest challenge for the company will be to manage capital in the medium term as the timing and extent of any improvement in the equity markets, the company's main source of financing, is indeterminable. Management believes, as a result of cost reduction, funding claim payments until May 2010 and maintaining key, value adding, technical programs, the company is better placed to attract early funding opportunities. In the long term, Management believes that it will be able to raise capital as required, but recognizes there will be risks involved that may be beyond its control.

Somewhat overshadowed by the current downward in the stock markets has been the recent increase in the spot price of uranium which now stands at \$48 a pound, up from \$42, with forward contracts at over \$70 per pound. Further advances in the spot price are partly constrained by the slowing of global economies and the impact this will have on the demand for energy generally and nuclear energy specifically. The Company maintains its belief in the longer term opportunity inherent in the sector. The timing and extent will be largely determined by general economic growth, particularly in China and India, and the propensity to utilize nuclear energy over fossil fuel and/or alternative energy sources.

The Company benefits from a strong geographic location. In recent years, Peru has generated significant investment interest based not only on its rich resource base, but also its political and economic stability. Approximately half of the country's taxes are generated by mining enterprises and Peru's central bank is forecasting economic growth of at least 5% in 2009. Peru is widely regarded as a favorable destination for mining operations, with solid infrastructure, in-country expertise and low production costs.

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

## Exploration

As well as acting prudently in a very challenging financing environment, the Company has been successful in making a number of advancements during the period, including:

- Completion of the first phase of drilling on its wholly owned uranium projects in Macusani South;
- Delivery of its metallurgical testing laboratory and commencement of the metallurgical testing of a bulk sample;
- Receipt of a leaching license for uranium from the Peruvian Institute of Nuclear Energy, the first of its kind;
- Release of further drill hole results from its Sayana Central and Puncopata Macusani East targets – the first output from a program to fully evaluate the existing joint venture data by a new Qualified Person, following the takeover by Eldorado of Frontier Pacific Mining Corporation (“Frontier Pacific”);
- Completion of NI 43-101 report on its Pilunani lead-zinc-silver property; and
- Maintaining strong relationships with the communities in the area of operations permitting us continuity of work.

Solex has been working with Eldorado (following the completion of the acquisition of Frontier Pacific during the previous quarter) to manage the joint venture, whilst Eldorado determines how it will divest itself of the non-core uranium assets. The joint venture agreement requires that Solex will become the Operator at Macusani East upon the disposition by Eldorado of its interest.

## Financial

As of December 31, 2008, the Company had working capital of \$1,249,558, which included \$629,007 in cash and cash equivalents. No financing activities took place during the period. Over the six month period, the Company earned investment income and interest income of \$143,255 and \$20,316 respectively. It incurred a net loss of \$1,143,376, which included an operating loss of \$914,727 and a property disposal loss of \$392,370. Of the \$2.9 million of funds expended during the period, \$2.2 million was invested mainly in the Company's uranium related resources properties and equipment.

## Selected Annual Information

The following chart shows the financial results derived from the Company's financial statements for each of the three most recently completed years ended June 30.

	June 30, 2008	June 30, 2007	June 30, 2006
Loss for the year	\$ 3,070,655	\$ 4,353,039	\$ 1,850,653
Loss per share	0.05	0.09	0.07
Total assets	16,766,864	17,551,932	3,670,103

## Results of Operations

### Uranium Properties

#### Macusani East, Joint Ventured Uranium Project (66 claims, 43,320 hectares)

Eldorado acquired Frontier Pacific in July 2008, replacing them as the Company's joint venture partner. The company is working closely with Eldorado to manage the Joint Venture during this transition phase.

On September 5, 2008, the Company received access to the joint venture technical data from Eldorado. This information includes data that had not previously been released to Solex. The information proved to be somewhat disorganized and incomplete, and as a result, the Company has retained Services Geologiques A. Vachon to reconstruct the database and perform the testing in order to sign-off on previously undisclosed information.

During the period, and as a result of this work, the Company released the final results of the 2008 drilling program completed on the Puncopata and Sayana Central Prospects at the Macusani East uranium project.

Puncopata Highlights:

8.00 metres of 0.216% U3O8 (drill hole PUN08-22)  
Including 1.00 metre of 0.918% U3O8 (drill hole PUN08-22)  
Including 1.00 metre of 0.515% U3O8 (drill hole PUN08-22)

The assays from drill hole PUN08-22 confirm the high grade nature of the mineralization discovered at Puncopata and demonstrate that the uranium mineralization is not necessarily restricted to congealing and sealed subsurface cooling fractures and could possibly extend

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

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beyond these. The mineralization at the Puncopata target may have roots deeper than previously interpreted. Several encouraging uranium values have been intersected both at surface within a strata-bound westerly-terminating wedge of the T2 ignimbrite volcanic flow and up to a vertical depth of 55 metres in fracture-controlled faults with adjacent dissemination.

The next phase of exploration is to complete detailed mapping and together with some surface pit and trench sampling in order to better understand the control of the mineralization, in particular where high grade shoots have been intersected. To date, these intersections remain open both at depth and along strike. The uranium mineralization identified through drilling at Puncopata occurs as several mineralogical types, disseminated between tuffaceous fragments and within congealing fracture fillings related to cooling of near-surface flows.

Sayaña Central highlights:

In total, 86 holes for an aggregate 8,172 metres were drilled on the Sayaña Central target during 2007 and 2008; 66 holes were drilled in 2007 on structurally controlled radiometric anomalies, six holes were drilled in 2007 as part of a twinning program and seven in-fill holes were drilled in 2008. Of this program, only holes SY07-01 to SY07-24 have been reported by the then Operator, Frontier Pacific, prior to their acquisition by Eldorado in July 2008.

72-holes of the drill program at Sayaña Central were completed by the end of 2007. Results from the first 24 drill holes, announced on Nov 14 2007, targeted the North-South radiometric anomaly at Sayaña Central, the following 49 holes targeted the Southwest/Northeast trending radiometric anomaly.

The results confirm that the uranium mineralization is restricted to sub-vertical fractures and appears as congealing fracture fillings related to cooling of the near-surface flows. Uranium mineralization found closer to the intersection of the North-South radiometric anomaly at Sayaña Central occurs mainly as autonite and meta-autonite, some secondary uranium-bearing minerals, notably autonite and meta autonite. Drilling to date has tested approximately 30% of the radiometric anomaly, confirming the presence of a near-surface, flat lying ignimbrite uraniferous horizon.

The results demonstrate continuity of mineralization over a wide area and therefore position the Sayaña Central anomaly as a top priority target for the Company. To date, drilling has covered an area of approximately 800 metres by 400 metres with the anomaly still open on strike according to the radiometric survey. The results demonstrate continuity of mineralisation along both the North/South and Southwest/Northeast trending radiometric anomalies.

Some of the highlights are as follows:

Sayaña Central: North / South trending radiometric anomaly

9.2m @ 2.16 lbs/ton (0.108%)  $U_3O_8$  (in drill hole SY07-19)  
2m @ 5.97 lbs/ton (0.299%)  $U_3O_8$  (in drill hole SY07-20)  
4m @ 2.6 lbs/ton (0.130%)  $U_3O_8$  (in drill hole SY07-08)

Sayaña Central: Southwest / Northeast trending radiometric anomaly

2m @ 4.9 lbs/ton (0.243%)  $U_3O_8$  (in drill hole SY07-54)  
1m @ 2.0 lbs/ton (0.098%)  $U_3O_8$  (in drill hole SY07-42)  
2m @ 1.6 lbs/ton (0.077%)  $U_3O_8$  (in drill hole SY07-51)  
6m @ 0.84 lbs/ton (0.042%)  $U_3O_8$  (in drill hole SY07-64)

Sayaña Central: Twinning program

5.7m @ 6.48 lbs/ton (0.324%)  $U_3O_8$  (in drill hole SY07-81; twin of SY06-06)  
7m @ 0.56 lbs/ton (0.028%)  $U_3O_8$  (in drill hole SY07-82; twin of SY07-08)  
6m @ 2.48 lbs/ton (0.124%)  $U_3O_8$  (in drill hole SY07-83; twin of SY07-10)

Sayaña Central: 2008 drilling

3m @ 0.95 lbs/ton (0.048%)  $U_3O_8$  (in drill hole SY08-75)  
1m @ 0.85 lbs/ton (0.043%)  $U_3O_8$  (in drill hole SY08-76)  
10m @ 0.57 lbs/ton (0.028%)  $U_3O_8$  (in drill hole SY08-80)

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

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

Diamond drilling commenced on Macusani South in August 2008. Ten drill pads were constructed on the property from which 24 HQ-diameter diamond drill holes totaling 1,277 metres were completed. Twenty-two of these holes were drilled to an average depth of 50 metres, and two reached final depths of 95 metres and 100 metres. Samples were simultaneously collected from trenches. Drill and trench samples will be submitted for analysis for comparison purposes with the large sample that is being leached in the test laboratory to determine the optimum sampling method and sample size for greater assay accuracy in future programs. The drill locations have been rehabilitated.

The initial review of data from the drilling program indicates that the uranium mineralization observed at surface does not continue at depth despite the widespread anomaly outlined through radiometric surveys. The lack of continuity at depth lowers the priority of the Chacaconiza Formation, but the focus will be on other prospective structures within the Quenamari Formation. In particular, the Company will explore the extensive Yapamayo and Sapanuta structures that occur in other areas, notably on Macusani West, where prospective targets for a bulk mineable uranium resource have been identified.

## Metallurgical Testing Laboratory

A movable leach test laboratory, operated by SGS Minerals, has been delivered and is being used to demonstrate on a larger scale the viability of recovery of uranium in a simple leach circuit. Three two-tonne samples collected at the Macusani South project have been delivered to this laboratory for test leaching. An additional two-tonne sample was collected from the Macusani West project on the Chahuana target and delivered to the laboratory. The final leaching permit was issued by the authorities in Peru, and the facility has been expanded from five to six tonnes capacity by the addition of more leach columns to accommodate the increase in material and to allow for a wider range of material to be tested. The leaching of the material to recover uranium is underway and is due for completion towards the end of February, with a report due at the end of March 2009.

## Macusani West, 100% Owned Uranium Project (54 claims and 45,900 hectares)

The 2007/8 regional exploration program identified 11 target areas across the region with uranium anomalies. During and after the period end, a follow up program has examined one target area, Chahuana, which hosts the Sapanuta formation. The objective, along with the work on Macusani South, is to further the understanding of the regional geology and the relative importance of the three main uranium bearing formations, notably Yapamayo, Sapunata and Chacaconiza, that have been identified to date.

The program, conducted at over 4,800 metres above sea level, consisted of closely spaced radiometric surveys in conjunction with geochemical sampling and geological mapping on a scale of 1:5,000. To date, four discrete targets have been identified with scintillometer readings in excess of 10,000 counts per second and geochemical readings of over 100 parts per million. This work was completed during December 2008.

Uranium mineralization in this area occurs as wider vein infill material as well as disseminated mineralization through ignimbrite. Continuing exploration activities on the Macusani West project, in particular on the Chahuana target, which hosts the Sapanuta structure, appear to confirm that targets in this area are more prospective for larger-tonnage resources than structures on the Macusani South project.

A two tonne sample was extracted from the Chahuana target for preliminary metallurgical testing in Solex's mobile metallurgical test laboratory and is currently undergoing leaching.

## 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. The Company has 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 is yet to be determined.

## Precious/Base Metal Properties

### Pilunani, 100% Owned Silver-Lead-Zinc Project

During the period, the Company completed a program of field work on the Pilunani Claim that consisted of detailed geological mapping, further geochemical sampling of outcrops and veins as well as selective re-logging of drill core. This program was undertaken to better understand the geological setting and to enable the Company to evaluate the results of the 18 hole drill campaign completed in 2007. This work has been completed and a revised NI 43-101 technical report was filed and can be found on [www.sedar.com](http://www.sedar.com).

The technical report concludes that the Pilunani property shows good potential to host a viable mining operation, considering the high grade lead-zinc values characterizing the mineralization near the old mine and when compared to current and past producing mines in Peru. The technical report recommends completing an Induced Polarization survey over the old mine area and in the region of drill hole PIL-07-18, followed by a 1,500 metre drilling program to adequately test the mineralized horizon of the old mine at a minimum depth of 100 metres.

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

## Community Relations

One of the key company successes has been its ability to maintain excellent relations with local communities and local authorities. We place great emphasis on investing time in and with the communities to build respect and understanding of the cultural differences from both sides, so that there is a constant dialogue of learning. Our team consists exclusively of local young women including teachers, nurses, and geologists, reflecting the key role that women play in the communities. We have absolute respect for agreements reached and any promises made. In some of the areas in which we have been working, we are the first mineral exploration group to have ever entered. At one point, Solex was one of the only exploration companies in the Puno region with a social permit to operate.

The Company recognizes that the ability to do business in any community is a privilege. We honour this by doing the utmost to open lines of communication with the local community to better understand local social, health and economic issues. We are proud of the fact that we conduct activities on the project in a responsible manner and by respecting the local culture.

Through funding road repairs, building water supply systems, and helping the government agents with alpaca farming, we are committed to helping the communities build a sustainable economy. Installing satellite phones in remote areas, providing first-aid kits and farm tools, supplying medicines for alpacas, and buying backpacks and school supplies for the children are a few of the ways in which we work with the communities to make our presence there a positive experience. The Company carries out a series of educational and social activities to reinforce good community relations and establish a bond of cooperation, trust and mutual understanding with the social players in its areas of operations.

In return, the Company has received tremendous support from the communities. Symbolic of this goodwill was the community led "tehe vecere" upon the commencement of our drilling, an Inca ritual, to thank nature and bless its success.

## Resource Property Expenditures

	Macusani East	Macusani West	Macusani South	Picotani	Pilunani – Princesa Belt	Cullquimayo	Totals
<b>Balance, June 30, 2008</b>	\$ 2,488,946	\$ 1,440,742	\$ 1,297,942	\$ 631,047	\$ 4,913,541	\$ 380,954	\$ 11,153,172
<b>Deferred Exploration Costs</b>							
Geology	330,881	109,924	175,730	(7,179)	29,331	-	638,687
Geophysics	72,314	4,475	-	-	10,240	-	87,029
Metallurgy	-	28,388	56,775	-	-	-	85,163
Assays	13,082	2,311	6,886	-	2,477	-	24,756
Drillings	127,721	-	214,905	-	-	-	342,626
Logistics	124,451	149,491	215,910	11,852	55,213	-	556,917
Project management	34,930	30,782	27,158	109	8,392	-	101,371
Community relations	8,338	69,296	63,928	12,779	15,115	871	170,327
Fees, permits and licenses	-	3,472	-	-	-	-	3,472
Legal and accounting	27,432	14,808	1,852	895	1,790	10,352	57,129
Travel	17,512	15,562	24,357	289	1,309	193	59,222
Amortization	-	1,566	18,459	1,131	72	-	21,228
<b>Total Spending</b>	<b>756,661</b>	<b>430,075</b>	<b>805,960</b>	<b>19,876</b>	<b>123,939</b>	<b>11,416</b>	<b>2,147,927</b>
Write-off of resource property	-	-	-	-	-	(392,370)	(392,370)
Advances for exploration, beginning of period	(157,284)	-	(167,994)	-	-	-	(325,278)
Advances for exploration, end of period	42,643	-	166,110	-	-	-	208,753
	3,130,966	1,870,817	2,102,018	650,923	5,037,480	-	12,792,204
VAT							267,436
<b>Balance, December 31, 2008</b>							\$13,059,640

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

## Financial

### The six months ended December 31, 2008 compared to December 31, 2007

As a result of scaling back the operation in Peru, the period saw a 31% decrease in its exploration expenditures from \$2,955,292 in the same period last year to \$2,046,607 this year. The Company contributed \$574,965 in cash to its joint ventured Macusani East project during the six month period, and spent \$1,236,035 on the drilling program and metallurgical testing project on Macusani South and Macusani West properties. The Company wrote off \$392,370 expenditures on the Cullquimayo property.

Due to the aggressive cut back in the administrative costs, we also saw significant reductions in many areas: Professional fees reduced by 66% from \$324,130 to \$110,221; Consulting fees reduced by 44% from \$227,014 to \$127,981; Investor relations reduced by 22% from \$108,951 to \$84,462; Office, rent and miscellaneous reduced by 11% from \$95,287 to \$84,567. Bank charges reduced by 49% from \$12,112 to \$6,221 due to less active banking activities.

The only two areas we saw increased expenditures are Filing fees and transfer agent and Travel and entertainment. Filing fees went up 77% due to adopting of the Shareholder Rights Plan, from \$45,847 to \$81,215. Travel and entertainment increased 37% from \$27,415 to \$37,552.

Due to less cash on hand, the Company earned \$ 20,316 Interest income during the period compared to \$207,456 in the same period last year. The Company received \$579,088 in cash from selling 83,000 Eldorado shares and realized \$143,255 of Investment income.

### The three months ended December 31, 2008 compared to December 31, 2007

The Company had a 73% reduction in the Operating loss compared to the comparative period. Apart from Filing fees and transfer agent costs, the Company saw substantial reductions in all other administrative areas: there was no Stock option compensation in current quarter, compared to \$919,320 last year. Also, Professional fees reduced by 77% from \$247,784 to \$56,265; Consulting fees reduced by 61% from \$133,671 to \$52,667; Travel and entertainment reduced by 60% from \$23,425 to \$9,464; Investor relations reduced by 49% from \$65,409 to \$33,116; Office, rent and miscellaneous reduced by 13% from \$51,883 to \$44,943.

For Deferred exploration expenditures, the Company spent \$1,037,161 this period, representing a 5% decrease from \$1,097,274 in the same period last year.

During the current three month period, no financing activity took place; however, the Company received \$579,088 cash from selling 83,000 Eldorado shares. In the comparative period, the Company raised \$126,000 through the conversion of options.

## Summary of Quarterly Results

	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Operating loss for period	\$ 477,723	\$ 437,004	\$ 775,225	\$ 338,829	\$ 1,752,273	\$ 509,434	\$ 741,258	\$ 2,628,786
Total loss for period	722,833	420,543	741,931	274,473	1,656,223	398,028	816,839	2,576,139
Loss per share	\$0.01	\$0.01	\$0.01	\$0.00	\$0.03	\$0.01	\$0.02	\$0.05

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

## Liquidity and Capital Resources

The Company had cash and cash equivalents on hand \$629,007 as of December 31, 2008 (June 30, 2008 - \$3,506,776).

	December 31, 2008	June 30, 2008
Working Capital	\$ 1,249,588	\$ 4,609,759
Deficit	11,267,389	10,124,013

The Company's interim consolidated financial statements for the six months ended December 2008 have been prepared in accordance with Canadian GAAP and on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. There are conditions and events at the present time that cast substantial doubt on the validity of this assumption.

The recovery of amounts shown as acquisition costs of resource properties and the related deferred exploration costs for resource properties is dependent upon the discovery of economically recoverable resource, the ability of the Company to obtain financing to complete development, and upon future profitable operations from the properties or proceeds from the disposition thereof.

The Company's ability to continue as a going-concern is dependent on the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its resource interests, the attainment of profitable mining operations, and or the receipt of proceeds from the disposition of its resource property interests. The consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going-concern.

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. 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.

In response to the recent deterioration in the equity markets, historically its major source of funding, the Company has taken increasingly aggressive steps to manage liquidity and preserve capital. Apart from work on its key metallurgical testing and data evaluation programs on Macusani West and the joint ventured Macusani East, all other field programs have now been halted. Furthermore, Corporate and Head Office expenditures have been significantly reduced through the restructuring of senior management and employee pay from fixed to variable and generally cutting back on all non essential corporate costs.

Specifically, the following actions have been taken; most of these are subsequent to the period end and so are not reflected in the most recent interim consolidated financial statements:

- All field programs, apart from the metallurgical testing and the data review program on Macusani West, have been halted, removing the need for multiple technical and management teams, in-field logistical support and significantly reduced community relations activities,
- Subsequent to the period end, all employees and consultants apart from the in-country General Manager and Administrator have been terminated,
- In conjunction with the joint ventured Macusani East property, the company and its partner Eldorado Gold Corp. have agreed to place the project on care and maintenance,
- Head office costs generally have been reduced to minimal operating requirements, including the subleasing of a majority of the office space,
- During the second quarter, payment of directors' fees were deferred and subsequent to the period end these fees have been suspended, reducing the quarterly expense by approximately \$18,000,
- Subsequent to the period end, the senior management has reduced the time chargeable to the company, which is reflected in monthly savings of up to \$29,000, and
- The President has agreed to defer payment of 16% of his remuneration.

Management expects these actions to contribute significantly to the company's ability to fund much of its 2009 expenditures from its current working capital. In the medium term, it believes that the steps taken to reduce fixed costs, fund claim payments through to May 2010 and maintaining key, value adding, technical programs will enhance its access to early funding opportunities. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate further exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

In the long term Management believes that the financing possibilities are much improved and that it will be able to raise equity capital as required and that the demand for uranium, driven by the need for nuclear energy, will be strong. However Management recognizes there will be risks involved that may be beyond their control.

An important component of the working capital is the company's ownership of publicly traded shares of Eldorado Gold Corp. Significant variations in the share price would impact the company's degree of liquidity. During the period, the company sold 83,000 shares for gross proceeds of \$579,088. As at the period end the remaining 100,000 shares, with a fair value of \$965,000. Subsequent to the period end,

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

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the strengthening Eldorado price has benefited the company. We sold a further 50,000 shares for total proceeds of \$469,749. The fair value of the balance of 50,000 shares as at February 11, 2009 was \$528,000. Management will continue to optimize the sale of the remaining shares.

At December 31, 2008, the Company had 4,670,000 options outstanding. The exercise of incentive stock options has also been an important source of funding for the Company. However, the exercise of incentive stock options is dependent primarily on the market price of the Company's securities at or near the expiry date of such options (over which the Company has no control) and therefore can be no guarantee that any existing stock options will be exercised. All of the options are significantly "out-of-the-money".

## Capital Management

The Company's capital management objective is to maximize potential investment returns to its equity stakeholders within the context of the relevant opportunities and risks associated with the Company's operating segment.

The inherent nature of mineral exploration involves a high degree of "discovery" risk. Consequently there is substantial uncertainty as to whether any particular project will generate positive cash flows in the future. Therefore, Management funds its exploration activity primarily by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. It considers both Share Capital and Working Capital as components of its capital base. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital base by quarterly and annual cash flows forecasts. The timing and extent of both program implementation and financing are determined by Management's evaluation of economic factors at the time, such as commodity prices, interest rates and foreign exchange, and non-economic factors such as expected impact that completion of a given program may have on the cost of capital.

As at December 31, 2008, Share Capital was \$ 21,658,371, and Working Capital was \$ 1,249,558.

## Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements or amounts.

## Critical Accounting Estimates

We use the following critical accounting estimates:

### Impairment of Long-Lived Assets

The Company capitalizes all costs related to investments in resource property interests on a property by-property basis. Such costs include resource property acquisition costs, and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and resource property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred resource property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

### Stock-Based Compensation

The Company uses the Black-Scholes Model to determine the fair value for awards of stock options to employees, officers and directors. Key assumptions used in this model are share price, volatility and expected life of options.

## Transactions with Related Parties

The Company incurred a charge during 2007 from an officer of the Company and a company in which the officer acts as a manager of the company. The charge was measured by the exchange amount, which is the amount agreed upon by the transacting parties. No charge was incurred in the latest period.

	December 31, 2008	December 31, 2007
Consulting fees, paid to Nexus Consultants Inc, a company controlled by an officer	\$ -	\$ 42,500

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

## Changes in Accounting Policies Including Initial Adoption

### Capital Disclosures

Effective July 1, 2008, the Company adopted CICA Handbook Section 1535, "Capital Disclosures," which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The adoption of this standard resulted in the additional disclosures as outlined in Note 7 on the Company's consolidated financial statements for the six month period ended December 31, 2008.

### Financial Instruments

Effective July 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and CICA Handbook Section 3863, "Financial Instruments – Presentation". These Sections require entities to disclose quantitative and qualitative information in their financial statements that enable users 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 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. Disclosures required by these standards are included in Note 6 on the Company's consolidated financial statements for the six month period ended December 31, 2008.

### General Standards on Financial Statement Presentation

Effective July 1, 2008, the Company adopted CICA Handbook Section 1400, "General Standards of Financial Statement Presentation", which was amended to include a requirement for management to assess and disclose the Company's ability to continue as a going concern. The adoption of this standard did not have an effect on the Company's financial statement presentation.

## Future Accounting Pronouncements

### Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", replacing 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.

### 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 beginning on July 1, 2011. Implementation of the change will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2010.

The Company is establishing a changeover plan to adopt IFRS by 2011 and have created an implementation team. The assessment of the choices of accounting policy and the impact on the financial reporting process has commenced. The changeover plan and the need for input from external advisors will be continually reviewed to ensure the satisfactory implementation of the changeover.

## Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, other receivable, marketable securities 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, but may be exposed to the risk of a decline in gold price.

## Disclosure of Outstanding Share Data

The following table describes Solex's share capital structure as at February 11, 2009, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

Equity Type	Weighted Average Exercise Price Per Share	Total Number of Common Shares
Common Shares		57,559,199
Share Purchase Options	\$0.83	4,670,000

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

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## 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.

Currency risk - The Company's operation in Peru and its proposed exploration expenditures are in either local currencies or US dollars, making it subject to foreign currency fluctuations. In the last period the US Dollar strengthened significantly against the Canadian dollar. This had a material impact on the cost of operations as they are principally paid in US Dollars.

Commodity risk - The Company, the valuation of its uranium projects and consequently its access to capital are influenced by the price of uranium. The spot price of uranium price over recent year has risen dramatically from \$7/lb to a high of \$138/lb, recently dropping to \$41/lb before gradually climbing back to \$48. Uranium forward contracts are currently being valued at over \$70/lb and higher which indicate an anticipated rise in the demand for uranium. However, it is possible that the recent global economic downturn and the resulting drop in demand for energy could lead to deferral of decisions to build new nuclear power facilities which in turn may weaken the spot price for uranium.

Market risk - 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 mineral values into an economic deposit. There is no assurance that the Company will be successful in obtaining the required financing.

Recently, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur. Share prices of these companies have trended acutely downward making equity financing in the short term extremely difficult.

## Outlook

As a result of value erosion in the equity markets, the short term outlook for the Company will be characterized by a staged reduction of expenditures on projects and fixed costs generally, the conservation of cash and liquidation of non-core assets and the maintenance of core uranium assets. Management expects these actions to contribute significantly to the company's ability to fund much of its 2009 expenditures from its current working capital.

In the medium term, it believes that the steps taken to reduce fixed costs, fund claim payments through to May 2010 and maintaining key, value adding, technical programs will enhance its access to early funding opportunities. The medium term outlook for the company is dependant on its ability to finance further project exploration expenditures and/or enter into a transaction that facilitates this outcome. Currently, the timing and the extent to which this will be possible cannot be determined with any certainty.

The greatest challenge for the company will be to generate and manage capital in the medium term as the timing and extent of any improvement in the equity markets, the company's main source of financing, is undeterminable. Management believes, as a result of cost reduction, funding claim payments until May 2010 and maintaining key, value adding, technical programs, the company is better placed to attract early funding opportunities. In the long term, Management believes that the demand for uranium will be strong and that it will be able to raise equity capital as required. However it also recognizes there will be risks involved that may be beyond their control, such as a short term decline in the price of uranium.

The Company maintains its belief in the potential opportunity inherent in the sector. Driven by significant nuclear construction programs in India and China, it is expected that worldwide uranium demand in 2009 could increase and is currently at a level approximately 40% higher than supply from existing mining operations. Solex expects to see a firming trend in the uranium price over the next few years as demand continues to outstrip supply.

The Company could also benefit from a strong geographic location. In recent years, the Latin American nation of Peru has generated significant investment interest based not only on its rich resource base, but also its political and economic stability. Peru is widely regarded as a favourable destination for mining operations, with solid infrastructure, in-country expertise and low production costs.

The Peruvian economy is an open market, and the country's democratically elected government has fostered a climate that is friendly to foreign investment. In 1991, Peru's mining law was streamlined to allow foreign companies to hold 100% of mineral concessions, providing an attractive framework for the development of mineral projects.

# MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2008

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## 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 December 31, 2008 and found them to meet required standards.

## Other

### Share Ownership Interest of Directors and Officers

As of February 11, 2009, 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	-	200,000
Tony Wood, COO, CFO and Director	-	900,000
Gary German, Director	-	550,000
Etienne Walter, Director	-	500,000
Deborah Thiel, Officer	536,000	650,000

### Property Reports

The company's most recent property reports for the Macusani, Pilunani and Princesa properties, prepared under national instrument 43-101 are available on [www.sedar.com](http://www.sedar.com).