

# **URANIUM POWER CORP.**

## **Management's Discussion and Analysis**

**For the Quarter Ended**

**December 31, 2007**

## **INTRODUCTION**

This discussion and analysis of financial position and results of operation is prepared as at February 27, 2008 and should be read in conjunction with the annual audited financial statements for the fiscal year ended September 30, 2007 as well as the unaudited financial statements for the Quarter Ended December 31, 2007. Those financial statements have been prepared in accordance with Canadian generally accepted accounting policies. All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. Additional information related to the Company, including its press releases and quarterly and annual reports, is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute "forward-looking statements". Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under **RISK AND UNCERTAINTIES** in this MD&A.

Risk factors that could affect the Company's future results include, but are not limited to, risks inherent in mineral exploration and development and mining activities in general, volatility and sensitivity to market prices for uranium, political risk arising from operating in USA, changes in government regulation and policies including environmental regulations and reclamation requirements, receipt of required permits and approvals from governmental authorities, competition from other companies, ability to attract and retain skilled employees and contractors, and changes in foreign currency exchange rates. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the Company's filings with securities regulatory authorities. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

## **DESCRIPTION OF BUSINESS**

Uranium Power Corp ("UPC" or the "Company") was incorporated under the Company Act of British Columbia and is primarily engaged in the acquisition and exploration of resource properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company is a reporting issuer in British Columbia and trades on the TSX Venture Exchange under the symbol "UPC".

As at September 30, 2007 and December 31, 2007, the Company's business activity was the identification, acquisition, evaluation, exploration and development of mineral properties, particularly those with the potential to host uranium deposits. The Company is in the process of acquiring, exploring and developing its mineral properties and has not yet determined whether the properties contain resources that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

Prior to April 30, 2007, the Company's Sheep Mountain, Wyoming, Green River, Utah, Breccia Pipes, Arizona and Burro Canyon, Colorado properties were being developed under a joint venture agreement with U.S. Energy Corp. and Crested Corp. (USECC). On April 30, 2007, our joint venture partner sold its interests in those properties to Uranium One Inc. who replaced USECC as our joint venture partner.

The company's properties and related activities are described below:

## **WYOMING CLAIMS, USA**

### **Sheep Mountain**

Under a Purchase and Sales Agreement dated December 8, 2004, and amended August 22, 2005 and January 12, 2006, the Company has earned a 50% interest in the Sheep Mountain project, as well as several other exploration properties from U.S. Energy Corp and Crested Corp (USECC).

The Sheep Mountain uranium mines located in south-central Wyoming were originally developed in the 1950's. They were acquired by USECC from Western Nuclear, Inc., a subsidiary of Phelps Dodge Corporation in 1987. According to a 1980 report by S.G. Douglas of Western Nuclear, fourteen categorized mining areas, including both underground and open pit operations have been operative in the past at Sheep Mountain. From pre-1969 through 1980, records show 5,063,813 tons of ore have been mined and milled, yielding 17,385,116 pounds of uranium at an average grade of 0.17% U<sub>3</sub>O<sub>8</sub>. In excess of \$25 million has been spent on Sheep Mountain exploration, development and production. The mining operations on Sheep Mountain were suspended in 1981 and have been on a standby maintenance basis since that time except for a short period of production in 1988 by USECC.

According to Western Nuclear, Inc. records, uranium occurs in a series of related geochemical cells, or roll fronts within the Battle Springs Formation. Uranium mineralization identified from drilling and mining occurs over approximately 800 feet of vertical elevation with uranium ore deposits having been mined and tested over approximately 650 feet of vertical range at Sheep Mountain. Nineteen mineral horizons varying between 25 and 45 feet thick and one 80-foot thick horizon were identified on cross sections in the lower member of the Eocene Battle Springs Formation at Sheep Mountain.

In October 2006, the Company received a National Instrument 43-101 Technical Report, completed by Scott Wilson Roscoe Postle Associates. This report has been filed on SEDAR. The report shows an Inferred Mineral Resource for Sheep Mountain totaling 4.56 million tons at an average grade of 0.171% U<sub>3</sub>O<sub>8</sub>, and with a uranium content of 15.6 million pounds. The classification of these resources is compliant with CIM Classifications as required by NI 43-101.

Additional historical resources have been identified on the property. These historical estimates total 6.5 million pounds U<sub>3</sub>O<sub>8</sub>, and are located in the North Gap area of the property. These historical resources were prepared before implementation of National Instrument 43-101. Recent independent verification of the data has not been performed and USECC/UPC have not completed sufficient exploration work to verify the historical estimate. The historical resources were prepared to industry standards at the time and are considered relevant today. USECC/UPC are not treating the historical estimates as NI 43-101 defined resources verified by a qualified person and they should not be relied upon.

The Sheep Mountain mine remains fully permitted, and can be brought back into production in a relatively short time frame.

Rio Tinto Energy America owns a modern uranium mill located approximately 20 miles from the Sheep Mountain deposits and, as part of the Company's feasibility studies, will be approached with respect to possibly processing Sheep Mountain ore. As a parallel study, the heap leaching possibilities will also be evaluated.

USECC has posted a \$1.4 million bond and has fully permitted the Sheep Mountain Mines. This will definitely assist and speed up the feasibility study process.

In addition to the Joint Venture on Sheep Mountain, USECC will provide the Company with access to its extensive uranium data libraries. These libraries contain information on additional known and potential uranium deposits. Exploration capital will be used to further delineate the Sheep Mountain deposits and to acquire, develop and produce additional uranium deposits. The Company will own 50% of any new deposits. USECC will, in addition, supply the Company with information of other uranium deposits of which it has knowledge.

The Sheep Mountain uranium project had a reclamation liability of approximately US\$4,000,000 whereby the Vendor is responsible for the first US\$2,600,000 and the Company and Vendor each responsible for 50% of the remaining liability. During the current fiscal year, as a result of reclamation work performed, this liability was decreased to US\$2,100,000, of which the Company is liable for 50%, or \$1,050,000. The Company assumed responsibility for their share of the reclamation liability when they made their final payment and earned their 50% interest, subsequent to the year-end. As at December 31, 2007, the reclamation liability is considered a contingent liability and has not been recorded in the Company's financial statements.

A finder's fee of \$150,000 and 300,000 common shares valued at \$51,000 has been paid, of which \$50,000 and 100,000 shares valued at \$17,000 were paid during the 2007 fiscal year to settle finders' fee payable and the obligation to issue 100,000 shares.

The Company and the Vendors of the Sheep Mountain property then entered into an amended agreement whereby the Company accelerated its 2006 payments of US\$1,600,000 and issued 1,500,000 common shares at a value of \$780,000 to the Vendors. In exchange for the accelerated payments, the Vendors agreed to defer for a period of one year, option payments due in two instalments of US\$1,500,000 each to April 29, 2007 and October 29, 2007.

As noted above, USECC's interest in the property has been sold to Uranium One Inc. ("Uranium One") as of April 30, 2007.

As of December 31, 2007, all payments had been made to Uranium One Inc, all required stock had been issued, and all work commitments have been met. Therefore UPC is now fully vested in the Joint Venture.

#### **East Shirley Basin, WY**

In November, 2007, the Company announced the acquisition, by staking, of over 600 lode mining claims, located on BLM land in Carbon and Albany counties, Wyoming. The area staked lies between known mineralization in the Jurassic and Cretaceous formations underlying the Eocene Wind River formation. This zone is located to the south and east of the Shirley Basin uranium district, which has been a substantial producer in the past. It is believed that this newly acquired land represents an extension of the same zone that hosted these former producers. The property is believed to have the potential to host several deposits containing significant resources. Work completed in the early 1990's on the Bootheel deposit, located immediately to the southeast of UPC's claims, by Cameco Corp. indicates that these deposits may well be suitable for in situ recovery of uranium.

The area was selected after a thorough reinterpretation of old mapping in the area which identified several regional redox fronts. Known uranium mineralization immediately to the north and south of these claims is located where paleochannels introduced uranium in solution, draining off the Laramie Range, and intersected the regional redox fronts. The new interpretation has identified at least four previously unidentified channels, which will be the primary focus of future exploration on the property. Drilling in the area by Mobil Oil Corporation in the 1970's intersected anomalous uranium associated with these channels.

#### **UTAH CLAIMS, USA**

##### **Green River South (formerly Sahara) Uranium Mine**

The Company has an agreement to option the Sahara Uranium Mine located in Emery County, Utah USA. The Sahara Mine is approximately 14 miles (23km) SW of Green River, Utah. The property consists of 456 unpatented lode-mining claims located on BLM land and five State of Utah mining leases. The mine was developed in the late 1970's, with a decline being driven approximately 2,600 ft (792m) and an additional 700 ft (213m) of lateral development being completed. Mining was halted almost immediately after it was started in 1980. Old mine records indicate that only one truckload of ore was shipped in the 80's. The records of the mine operator, Energy Fuels Nuclear, indicate a proven and probable resource of approximately 500,000 lbs U<sub>3</sub>O<sub>8</sub> with an average grade of about 0.23% U<sub>3</sub>O<sub>8</sub>. Similar amounts of vanadium are predicted to exist.

**UTAH CLAIMS, USA (Cont'd...)**

**Green River South (formerly Sahara) Uranium Mine (Cont'd...)**

The historic resource estimate reported above, was completed by Energy Fuels Nuclear before the implementation of National Instrument 43-101 and the Company believes that the work was carried out under standard industry practices in use at that time and that the estimate was considered reliable at that time. Although independent verification of the data has not been performed, the resources are considered relevant today. The Company has not completed sufficient work to verify the historical resources and they should not be relied upon. Although the classification of the resources does not meet the current definitions as required by NI 43-101, the Company believes that under the current definitions, the above historic resource estimates would be classified as inferred resources. There are no recent resource estimates other than reported above.

By 1980, only one truckload of ore had been shipped to the Energy Fuels mill facility near Blanding, Utah when the Three Mile Island Nuclear accident occurred. At that point, no further mining went forward. The facility was placed on standby and remained so until the early 1990's, when Energy Fuels Nuclear, then facing financial setbacks, withdrew from the project and reclaimed the property. All drill records, maps, reports, etc. were turned over to the current owners and remain in their possession to this day. Sahara Mine records indicate that development expenditures on the property by Energy Fuels Nuclear during the 1970's and 1980's exceeded \$10,000,000 in today's dollars. Under the terms of the agreement, Uranium Power would initially option 70% of the Sahara Mine and surrounding properties based on the following terms:

Upon signing by the Parties of a definitive agreement and after a due diligence process, the Company paid US\$150,000 cash and issued 100,000 shares of Uranium Power Corp. Uranium Power will commit to issue 200,000 shares and to spending a minimum of US\$1,365,000 in exploration and development of the Green River South in the first 4 years. An advance royalty payment of US\$585,000 will be due in equal installments for four years. During fiscal 2007, the Company paid US\$146,250 of the advance royalty payment and issued 50,000 shares valued at \$45,000 pursuant to this agreement.

Upon completion of the work commitment, the joint venture will have earned a 70% interest in the Green River South (formerly Sahara) mine property. Subsequent to the initial earn-in the joint venture will have an option to acquire an additional 15% interest in the property for an additional \$300,000 cash, and an additional work commitment of \$700,000.

The Vendor and buyer paid equally a finder's fee payable to Jim Petit (up to a total for both parties of \$15,000.)

Pursuant to recent amendments in its joint venture agreement with USECC, the Company retained a 50% interest in the joint venture (i.e. a 35% interest in the property), and will earn a 50% interest in the Green River North project (see below). With the subsequent sale of USECC's interests to Uranium One, UPC reacquired its original interest in the Green River South property, i.e. the right to earn an initial 70% interest, and up to an 85% interest. UPC also retained its 50% interest in the Green River North property.

Drilling has been completed on a two-hole hydrological well program. The program was designed to provide hydrology data for the on-going evaluation of the Sahara Mine on the Green River South project. Drilling was being performed by Beeman Drilling, of Moab UT. Downhole geophysical logging services were provided by StrataData of Mills, WY.

The Sahara deposit is located directly adjacent to a paved highway, and is approximately 90 miles by paved highway to Uranium One's Shootaring Canyon mill.

**Green River North**

A 50% interest in the Green River North project has been acquired by the Company pursuant to an amended agreement with USECC, by which USECC's interest in this property now forms part of the Company's joint venture with USECC. As noted above, this interest was subsequently sold to Uranium One.

The property contains the Deeper Gold deposit, which is approximately 110 miles by paved road from Uranium One's Shootaring Canyon uranium mill.



**UTAH CLAIMS, USA (Cont'd...)**

**Red Seep Project, Emery County, Utah**

During the year ended September 30, 2006, the Company staked certain claims in the Red Seep uranium project in Emery County, Utah. Management has now determined that the properties will not be developed at this time and have, consequently, written off the exploration to date of \$28,355 plus the acquisition costs of \$72,215 incurred in the prior year.

**ARIZONA**

**Breccia Pipes Project**

On August 22, 2005, UPC and USECC signed an agreement to add another uranium project to their Joint Venture. This project involves properties in the Arizona Strip, in northern Arizona, as part of the on-going commitment to develop uranium properties under a pre-existing Joint Venture agreement. The property, known as the Breccia Pipes Project, consisted initially of 64 lode-mining claims (STAR and JAVA claims) on BLM land in Mohave and Coconino counties, Arizona. The exploration target on these properties is breccia pipe uranium deposits.

These properties were acquired by USECC pursuant to an agreement with Nu Star Exploration, LLC. Under the terms of the agreement between UPC and USECC, UPC will earn a 50% interest in the project by contributing the first \$500,000 in acquisition and exploration expenses for the project. Additionally, UPC agrees to issue up to 500,000 common shares of UPC stock to USECC, subject to regulations of the TSX Venture Exchange, within six months of the date drilling results outline an Inferred Mineral Resource on the Breccia Pipes Project as follows: 1) 250,000 common shares for the first 500,000 lbs. of contained  $U_3O_8$  identified and 2) an additional 250,000 common shares for the second 500,000 lbs. of contained  $U_3O_8$  identified.

The Arizona Strip was the site of a major uranium staking rush in the early 1980's. Uranium-bearing breccia pipes were first located in the Hack Canyon area of Mohave County and the mineralized material was typically of a higher grade than other uranium deposits located in surrounding areas of the Colorado Plateau. Historic mining in the Arizona Strip had produced average uranium contents of up to 0.80%  $U_3O_8$ . The total production from individual mines in this district has ranged from about 700,000 lbs to 4,400,000 lbs  $U_3O_8$ .

The STAR claims are contiguous with the partially mined Arizona I mine, which is owned by Denison Mines who have announced plans to recommence production by mid-2008. The area is located within a short distance to the south of the Hack Canyon mining area. Mapping on the STAR claims indicates the presence of 23 potential pipes, with the potential for 4 additional targets on the JAVA claims.

A 37 hole program of shallow stratigraphic holes was completed in February 2006. Of the seven targets tested, two were confirmed to be collapse features consistent with the presence of breccia pipes. A Phase 2 follow-up drilling program is also planned to provide a deep test (maximum 2,000 feet in depth) of these two targets.

Since that time we have aggressively pursued additional land acquisitions, and have increased our land position to 215 claims (approximately 4,440 acres). Subsequently, an additional 232 mining claims (approximately 4800 acres) were acquired in Mohave County. As a result of several studies and surveys, an additional 35 targets have been identified and staked. This brings the total targets on the JV lands to over 85. We are currently finalizing detailed plans with our JV partner who has indicated that they have initiated an exploration program which forms part of a major three year exploration plan.

If any of the targets are developed to a mining stage, then the Shootaring Canyon Mill, owned by Uranium One, would be the likely location for ore processing.

As noted above, USECC's interest in the property has been sold to Uranium One Inc. as of April 30, 2007.

**Wildhorse Claims, AZ**

These claims are owned 100% by UPC and are located to the west of the JV Breccia Pipes project. Exploration plans are being developed, with the goal of providing an initial evaluation of the targets within 6 months.

## **COLORADO**

The Burro Canyon project is located in San Miguel County, Colorado, in the Slick Rock Mining District, at the southern end of the highly productive Uravan Belt. As with all the other joint venture projects with USECC, the Burro Canyon project will be a 50:50 joint venture, with Uranium Power Corp funding the first \$500,000 of acquisition and exploration expenditures.

The project consists of 141 unpatented lode-mining claims on BLM land, for a total of approximately 2900 acres.

The structural setting of the area is a syncline that strikes southeast to northwest and plunges to the southeast. Outcroppings of Morrison Formation sandstones and mudstones, Dakota Formation sandstones and Mancos Shale sediments wrap around the northwest nose of the syncline.

Immediately adjacent to the property on the northeast is the Sunday Mine complex, currently owned by Denison Mines Ltd. This area has produced about 1.5 million pounds of uranium and about 10.0 million pounds of vanadium. Information contained in published reports suggests that an additional resource of 4.0 million pounds  $U_3O_8$  may be located at the Sunday Mine Group. Immediately adjacent, and to the southwest, the Burro mine has produced over 1.0 million pounds  $U_3O_8$  and 8.0 million pounds  $V_2O_5$ . The operator of these mines, Denison Mines Ltd, has announced plans to reopen them in the near future.

In detail the targets are deposits located in the fluvial sediments towards the center of the syncline occurring between the known producers. These targets are confined to the Salt Wash Member of the Morrison Formation.

Highly encouraging results were received from a 2006 drilling program on the Burro Canyon. A total of 17 holes were drilled, for a cumulative total of 20,303 feet. Of the 16 holes that reached the target Salt Wash formation, 9 encountered significant mineralization, and two can be considered to be well-mineralized. In addition, zones of anomalous radioactivity up to 65 feet in thickness were encountered.

As noted above, USECC's interest in the property has been sold to Uranium One Inc. as of April 30, 2007.

## **SASKATCHEWAN, CANADA**

On May 14, 2007, the Company signed an option agreement with JNR Resources Inc. ("JNR") whereby UPC can earn up to a 65% interest in the South Fork project, located to the east of the Cypress Hills in southwestern Saskatchewan. The terms of the agreement call for UPC to reimburse the vendor for prior expenditures, not to exceed \$100,000 and to carry out \$1,500,000 of exploration by January 25, 2009. This will earn UPC a 50% interest. UPC can then increase its interest to 65% by spending an additional \$1 million on exploration activities by January 25, 2011. UPC will be the operator.

Subsequent to acquiring the above option, the Company signed a letter of intent with Mega Uranium Ltd ("Mega") whereby Mega will have the right to acquire 50% of UPC's interest. Mega must pay the first \$1,000,000 of UPC's earn-in commitment to earn the interest. The balance of the commitment will be shared on a 50:50 basis. Mega has now reimbursed the Company for its exploration costs to date.

An airborne electro-magnetic survey, covering approximately 3300 line kilometers, was completed on the property in the fall of 2007. Interpretation of the results will lead to an extensive drilling program in 2008. In January, 2008, the Company announced that it has signed a contract with Layne Christensen Drilling, of Aurora, CO, to complete a major drill program. The contract calls for the use of 2 drill rigs (one top head rotary and one percussion hammer). Interpretation of the previously announced Fugro TEMPEST airborne EM survey shows a number of what appear to be well-developed paleochannels in the Frenchman and Ravenscrag Formations. These are the formations that have the potential to host roll front style uranium mineralization, similar to that found on the Powder River Basin of Wyoming.

Drilling is planned to commence in mid-late April, 2008. The projected cost of the planned program is \$1.3 million.

## **SUMMARY**

Management is very excited about the resurgence in the uranium exploration sector and as such has made a very aggressive entry into Utah, Wyoming, Arizona, Colorado, U.S.A. and Saskatchewan, Canada.

Our Company's Board has evolved into a highly qualified team of professionals with essential experience in resource acquisition, exploration, and development, finance and marketing. We are committed to building a highly valued asset base and a strong, loyal shareholder following.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, short-term investments, marketable securities, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

## **LIQUIDITY AND CAPITAL MARKETS**

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

<u>As at</u>	<u>December 31,</u> <u>2007</u>	<u>September 30,</u> <u>2007</u>
Working capital	\$ 11,157,516	\$ 13,973,539
Deficit	(13,238,455)	(12,898,507)

This decrease of \$2,816,023 in working capital for the quarter ended December 31, 2007, compared to the working capital at September 30, 2007 was due primarily cash used in operations of \$317,129 and net cash used in investing activities of \$2,461,608.

Net cash used in operating activities for the quarter ended December 31, 2007 was \$317,129 compared to \$244,499 of cash used in operating activities for the same period in the prior year. The cash used in operating activities for the current period consists primarily of operating expenses, adjusted for non-cash items net increases of receivables, prepaid expenses and accounts payable.

Net cash used by investing activities for the quarter ended December 31, 2007 was \$2,461,608 compared to \$105,529 used during the first quarter of the 2007 fiscal year. Net cash used during the current period consists primarily of expenditures of \$2,361,689 (2007 - \$152,069) on mineral properties, increase in deposits and performance bonds of \$97,515 (2007 - \$nil) and purchase of equipment of \$2,404 (2007 - \$nil). The prior year expenditures were partially offset by proceeds of \$46,540 (current - \$nil) from the sale of marketable securities.

Net cash provided by financing activities for the Quarter Ended December 31, 2007 was \$nil compared to \$1,144,972 provided during the same quarter in the prior year. The cash provided by financing activities for the prior period was primarily the result of issuance of capital stock from the exercise of warrants.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-Balance Sheet arrangements.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Effective October 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents and marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities as well as loan payable are classified as other financial liabilities, all of which are measured at amortized cost.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

As a result of the application of Section 3855, the Company's deficit position as at October 1, 2006 was reduced by \$57,726 to reflect the opening fair value of marketable securities.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments consist of cash and equivalents, receivables, marketable securities, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

### *Accounting Changes*

CICA Handbook Section 1506: "Accounting Changes" (Section 1506"), effective for fiscal years beginning on or after January 1, 2007, establishes standards and new disclosures requirements for the reporting of changes in accounting policies and estimates and the reporting of error corrections. Section 1506 clarifies that a change in accounting policy can be made only if it is a requirement under Canadian GAAP or if it provides reliable and more relevant financial statement information. Voluntary changes in accounting policies require retrospective application of prior period financial statements, unless the retrospective effects of the changes are impracticable to determine, in which case the retrospective application may be limited to the assets and liabilities of the earliest period practicable, with a corresponding adjustment made to opening retained earnings.

The Company will be required to adopt the above new accounting procedures for its fiscal period beginning October 1, 2007. The adoption of these new pronouncements is not expected to have an effect on the Company's financial position or results of operations.

### *Financial Instruments*

AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures 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 how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

AcSB issued CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

### *Capital Disclosures*

AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The Company will be required to adopt the above new accounting procedures for its fiscal period beginning October 1, 2007. The adoption of these new pronouncements is not expected to have an effect on the Company's financial position or results of operations.

**SELECTED ANNUAL FINANCIAL INFORMATION**

The following selected financial information was obtained directly from or calculated using the Company's financial statements for the years ended September 30, 2007, 2006 and 2005:

<b>Years ended September 30</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Results of Operations:</b>			
Total Revenues	\$ 385,444	\$ 679,402	\$ 51,969
Net loss for the year	(1,947,918)	(1,515,066)	(782,636)
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)
<b>Financial Position:</b>			
Working Capital	\$ 13,973,539	\$ 3,657,241	\$ 3,801,392
Mineral Properties	11,313,122	6,980,711	3,908,649
Total assets	25,627,132	10,859,922	7,779,342
Total long-term debt	-	-	50,000

**RESULTS OF OPERATIONS**

For the quarter ended December 31, 2007, the Company recorded a net loss of \$341,150 compared to a net income of \$15,420 during the same quarter in the previous year. The increase in loss for the current period is primarily the result of stock-based compensation expense of \$340,259 compared to \$5,312 the prior year, as well as a general increase in other general and administrative costs of \$16,447 (representing a 10.76% increase over the prior year).

**SUMMARY OF QUARTERLY RESULTS**

	Dec. 30/07	Sept 30/07	June 30/07	Mar 31/07	Dec 30/06	Sept 30/06	June 30/06	March 31/06
(a) Net sales or total revenues	\$ 158,371	\$ 77,119	\$ 108,226	\$ 68,079	\$ 132,020	\$ 33,215	\$ 264,830	\$ 308,750
(b) Income (loss) before extraordinary items								
- total	(339,948)	(447,851)	(1,329,616)	(185,691)	15,240	(1,762,936)	81,390	180,939
- per share undiluted	(0.00)	(0.00)	(0.01)	0.00	0.00	(0.02)	0.00	0.00
- per share diluted	(0.00)	(0.00)	(0.01)	0.00	0.00	(0.02)	0.00	0.00
(c) Net income (loss)								
- total	(339,948)	(447,851)	(1,329,616)	(185,691)	15,240	(1,762,936)	81,390	180,939
- per share undiluted	(0.00)	(0.00)	(0.01)	0.00	0.00	(0.02)	0.00	0.00
- per share diluted	(0.00)	(0.00)	(0.01)	0.00	0.00	(0.02)	0.00	0.00

Significant changes in key financial data from 2006 to 2007 can be attributed to a general increase in the operational activities of the company, resulting in higher general and administrative costs. Revenues increased particularly in recent quarters when the Company held large cash balances from funds raised through private placements and the exercising of warrants and the earning of operator fees.

The Company earns interest revenue from cash held in banks and securities held as short-term investments.

The Company's accounting policy is to record its mineral properties at cost. Exploration and development expenditures relating to mineral properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

**RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the quarter ended December 31, 2007:

- a) Paid or accrued administration fees of \$1,700 and wages of \$9,000 (2007 – \$10,200) to a director, and accounting fees of \$3,000 (2007 – \$3,000) to a company controlled by an officer of the Company.
- b) Paid or accrued consulting fees of \$3,000 (2007 - \$ 6,000) to a director.
- c) Paid or accrued geological consulting fees of \$nil (2007 – \$7,812) to a director and \$18,750 to a company controlled by the same director. Of these amounts, \$7,500 has been expensed as management fees and the balance of \$11,250 have been charged to mineral property expenditures.
- d) Paid or accrued management fees of \$37,500 (2007 - \$35,000) to a company controlled by a director.
- e) Paid or accrued geological consulting fees of \$20,150 (2006 – \$Nil) to a company controlled a senior officer of the Company. These amounts have been charged to mineral property expenditures.

Included in accounts payable and accrued liabilities is \$8,260 (2007 - \$Nil) due to a senior officer of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount which was the amount established and agreed to by the related parties.

The Company entered into the following transactions with related parties during the quarter ended December 31, 2006:

- a) Paid or accrued consulting fees of \$16,938 (2005 - \$ nil to two directors.
- b) Paid or accrued management fees of \$35,000 (2005 - \$30,000) to a company controlled by a director.
- c) Paid or accrued administration fees of \$10,200 (2005 – nil) to a director.

These transactions were in the normal course of operations and were measured at the exchange amount which was the amount established and agreed to by the related parties.

**OUTSTANDING SHARE DATA**

The following details the common shares, stock options, and warrants outstanding as of the date of this MD&A

**Common Shares**

	Number of Shares
Authorized Unlimited common shares, without par value	
Issued Balance at December 31, 2007 and February 27, 2008	98,240,160

**Stock options**

Number of Shares	Exercise Price	Expiry Date
2,000,000	\$ 1.10	May 17, 2010
1,000,000	\$ 0.70	October 15, 2010

**Warrants**

Number of Shares	Weighted Average Exercise Price	Expiry Date
1,925,000	\$0.50	March 20,2008
7,721,190	\$1.25	May 1, 2009

## **RISKS AND UNCERTAINTIES**

### **Limited Operating History**

The Company is in the early stages of exploring its mineral properties for uranium ore. The Company does not hold any known mineral reserves of any kind and therefore does not generate any revenues from production. Its success will depend largely upon its ability to locate commercially productive mineral reserves. As a result of these factors, it is difficult to evaluate the Company's prospects, and its future success is more uncertain than if it had a longer or more proven history of operations.

### **History of Losses**

The Company has incurred net losses every year since inception and as of December 31, 2007, had an accumulated deficit of \$13,238,455. The Company anticipates significant expenditures for its mineral exploration programs. Since most exploration projects do not result in the discovery of commercially productive mineral reserves and are ultimately expensed in full, the Company expects to report substantial net losses for at least the foreseeable future.

### **No History of Dividends**

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

### **Dilution**

The Company does not generate any revenues from production and does not have sufficient financial resources to undertake by itself all of its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favourable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties. Also, failure to meet the Company's share of costs incurred under joint venture arrangements to which it is a party may result in a reduction of its interests in mineral properties. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete the recommended programs.

### **Capital and Liquidity Risk**

The amount of financial resources available to invest for the enhancement of shareholder value is dependant upon the size of the treasury, profitable operations, and willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

## **RISKS AND UNCERTAINTIES (cont'd...)**

### **No Known Mineral Reserves**

With the exception of the Sheep Mountain property, all of the Company's mineral properties are in the exploration stage and are without known mineral reserves of any kind. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. However, few mineral properties that are explored are ultimately developed into producing mines.

In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes for extraction and to develop the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

### **Title to Mineral Properties**

The Company believes it has diligently investigated title to all of its mineral properties and, to the best of its knowledge, title to all properties are in good standing. However, the properties may be subject to prior unregistered agreements or transfers, which may affect the validity of the Company's ownership of such properties.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, title to such properties may be challenged or impugned in the future. The boundaries of the Company's mineral properties have not been surveyed and, therefore, the precise location and area of these mining properties may be in doubt. The Company makes a search of mining records in accordance with mining industry practices to confirm that it has acquired satisfactory title to its properties, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and effects in locating or maintaining such claims. Should any defect in title be discovered by or disclosed to the Company, all reasonable steps would be taken to perfect title to the particular claims in question. The Company is not aware of any material defect in the title to its mineral properties.

A claim on any of the Company's mineral properties, especially where commercially productive mineral reserves have been located, could adversely affect the Company's long-term profitability as it may preclude entirely the economic development of a mineral property. Also, such a claim would affect the Company's current operations due to the high costs of defending against such claims and its impact on senior managements' time.

### **Competition**

The resource industry is intensively competitive in all of its phases, and the Company competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped precious-metal properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration in the future.

### **Acquisition and Expansion Risk**

The Company intends to expand its operations through organic growth and depending on certain conditions, by acquiring additional resource properties or resource-based businesses. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional properties or businesses.

## **RISKS AND UNCERTAINTIES (cont'd...)**

### **Industry Operating Hazards and Risks**

Mineral exploration involves many risks, including the inability of the Company to locate commercially productive mineral reserves, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all of the hazards and risks normally incidental to resource companies, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect of the Company's financial condition and operations.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

### **Fluctuations in Metal Prices**

Although the Company does not hold any known mineral reserves of any kind, its future revenues, if any, are expected to be in large part derived from the future mining and sale of uranium and other metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of uranium, and therefore the economic viability of the Company's operations, cannot be accurately predicted.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

### **Foreign Currency Risk**

The Company typically purchases materials, equipment and services in US currency. The Company does not utilize hedging programs to mitigate the impacts of shifting relative currency values and, therefore, currency risk exists and could impact the financial results of future operations.

### **Dependence on Key Personnel**

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for a professional is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

## **MD&A PREPARATION**

This MD&A was prepared as of February 27, 2008. This MD&A should be read in conjunction with our audited annual financial statements for the fiscal year ended September 30, 2007 as well as the unaudited financial statements for the quarter ended December 31, 2007. This MD&A is intended to assist the reader's understanding of Uranium Power Corporation and its' operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at [www.sedar.com](http://www.sedar.com)

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they are operating effectively.

Uranium Power's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management quarterly to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee receives a report from the independent auditors annually, and is free to meet with them throughout the year.