



**ANNUAL REPORT**

**February 28, 2010**

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**Financial Statements  
February 28, 2010 and February 28, 2009  
(Canadian Funds)**

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## AUDITORS' REPORT

To the Shareholders of  
Uranium North Resources Corp.

We have audited the balance sheets of Uranium North Resources Corp. as at February 28, 2010 and 2009 and the statements of operations and comprehensive loss, cash flows and shareholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Accountants

May 20, 2010



# URANIUM NORTH RESOURCES CORP

## Balance Sheets

Canadian Funds

	February 28, 2010	February 28, 2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 738,794	\$ 1,795,130
Receivables	7,844	36,110
Prepaid expenses	12,078	2,594
	758,716	1,833,834
<b>Mineral properties</b> (Note 5)	11,249,740	11,858,106
<b>Equipment</b> (Note 6)	22,420	28,351
	\$ 12,030,876	\$ 13,720,291
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 78,075	\$ 353,533
Due to related parties (Note 10)	244,123	69,507
	322,198	423,040
Future income tax liability (Note 12)	267,000	818,000
	589,198	1,241,040
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	14,310,053	13,904,724
Option compensation	1,033,202	852,387
Contributed surplus	160,034	135,430
Deficit	(4,061,611)	(2,413,290)
	11,441,678	12,479,251
	\$ 12,030,876	\$ 13,720,291

Nature and Continuance of Operations (Note 1)

Commitments (Note 13)

On behalf of the Board:

\_\_\_\_\_  
"Mark Kolebaba"  
Mark Kolebaba

\_\_\_\_\_  
"Maynard E. Brown"  
Maynard E. Brown

See Accompanying Notes to the Financial Statements

# URANIUM NORTH RESOURCES CORP.

## Statements of Operations and Comprehensive Loss

Canadian Funds

	Years Ended	
	February 28, 2010	February 28 2009
<b>Expenses</b>		
Accounting and audit	\$ 79,980	\$ 70,784
Administration and management fees	77,162	101,167
Amortization	7,718	7,148
Annual report and meeting	10,771	5,814
Consulting fees	1,540	14,640
Directors' fees	75,000	90,000
Filing fees	9,620	13,349
Insurance	13,208	-
Interest	-	17,913
Investor relations and promotion	175,679	276,902
Legal fees	5,394	14,009
Office and miscellaneous	23,377	38,375
Rent	52,233	46,810
Stock-based compensation <i>(Note 7(e))</i>	204,523	137,016
Transfer agent fees	13,810	22,285
Wages and benefits	35,967	15,380
	(785,982)	(871,592)
<b>Other items</b>		
Interest income	11,851	80,479
Property investigation	(3,817)	-
Recovery of mineral property expenditures previously written off	-	1,000
Write-off of mineral properties <i>(Note 5)</i>	(1,489,248)	(792,309)
<b>Loss before income taxes</b>	(2,267,196)	(1,582,422)
<b>Future income tax recoveries</b> <i>(Note 12)</i>	618,875	1,058,756
<b>Loss and comprehensive loss for the year</b>	\$ (1,648,321)	\$ (523,666)
<b>Basic and diluted loss per share</b>	\$ (0.04)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	45,001,732	38,035,077

See Accompanying Notes to the Financial Statements

# URANIUM NORTH RESOURCES CORP.

## Statements of Cash Flows

Canadian Funds

	Years Ended	
	February 28, 2010	February 28, 2009
<b>Cash flows provided by (used in) operating activities</b>		
Loss for the year	\$ (1,648,321)	\$ (523,666)
Items not involving cash		
Amortization	7,718	7,148
Stock-based compensation	204,523	137,016
Loan interest payable	-	8,795
Write-off of mineral properties	1,489,248	792,309
Future income tax recoveries	(618,875)	(1,058,756)
Net change in non-cash working capital items		
Receivables	28,266	337,457
Prepaid expenses	(9,484)	49,406
Accounts payable and accrued liabilities	8,878	(5,098)
Due to related parties	102,963	(297,534)
	(435,084)	(552,923)
<b>Cash flows used in investing activities</b>		
Expenditures on mineral properties, net of recoveries	(888,113)	(3,691,981)
Purchase of equipment	(1,787)	(17,680)
	(889,900)	(3,709,661)
<b>Cash flows provided by financing activities</b>		
Shares issued for cash, net of issue costs	268,648	3,849,516
<b>Decrease in cash and cash equivalents</b>	(1,056,336)	(413,068)
<b>Cash and cash equivalents, beginning of year</b>	1,795,130	2,208,198
<b>Cash and cash equivalents, end of year</b>	\$ 738,794	\$ 1,795,130

Supplemental Disclosure with Respect to Cash Flow (Note 8)

See Accompanying Notes to the Financial Statements

**URANIUM NORTH RESOURCES CORP.**  
**Statements of Shareholders' Equity**

**Years Ended February 28, 2010 and February 28, 2009**  
*Canadian Funds*

	Share Capital		Option	Contributed	Deficit	Total
	No. of Shares	Amount	Compensation	Surplus		Shareholders' Equity
	(Note 7)		(Note 7(e))			
Balance, February 29, 2008	27,743,309	\$11,004,572	\$720,666	\$91,091	\$ (1,889,624)	\$ 9,926,705
Shares issued for cash						
Private placements, net of issue costs	13,530,363	3,849,516				3,849,516
Issued for other consideration						
Tax cost on flow-through shares renunciation		(1,248,176)				(1,248,176)
Issue of shares for debt	1,689,281	337,856				337,856
Stock-based compensation			137,016			137,016
Fair value of finder's fee warrants		(39,044)		39,044		-
Fair value of options cancelled			(5,295)	5,295		-
Loss for the year					(523,666)	(523,666)
	15,219,644	2,900,152	131,721	44,339	(523,666)	2,552,546
Balance, February 28, 2009	42,962,953	13,904,724	852,387	135,430	(2,413,290)	12,479,251
Shares issued for cash						
Private placement, net of issue costs	2,262,517	268,648				268,648
Issued for other consideration						
Tax cost on flow-through shares renunciation		(67,875)				(67,875)
Issue of shares for debt	600,000	205,452				205,452
Stock-based compensation			204,523			204,523
Fair value of finder's fee warrants		(896)		896		-
Fair value of options cancelled			(23,708)	23,708		-
Loss for the year					(1,648,321)	(1,648,321)
	2,862,517	405,329	180,815	24,604	(1,648,321)	(1,037,573)
<b>Balance February 28, 2010</b>	<b>45,825,470</b>	<b>\$ 14,310,053</b>	<b>\$ 1,033,202</b>	<b>\$ 160,034</b>	<b>\$ (4,061,611)</b>	<b>\$ 11,441,678</b>

See Accompanying Notes to the Financial Statements

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 1. Nature and Continuance of Operations

The Company was incorporated on March 2, 2006 pursuant to the *Company Act* (British Columbia) and on December 7, 2006 the common shares of the Company were listed for trading on the TSX Venture Exchange ("Exchange"). The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flow.

For the year ended February 28, 2010, the Company reported net loss of \$1,648,321 (2009 - \$523,666), has a history of losses and an accumulated deficit of \$4,061,611 (2009 - \$2,413,290).

The Company has implemented a cash preservation strategy whereby senior employees and a consultant of the Company agreed to defer 10% of their salaries or fees and the independent directors' of the Company deferred their retainer. These amounts will accrue as a debt owing by the Company and shall not bear interest. At the Company's election, this debt can be satisfied in cash and/or common shares. Management is actively seeking to raise the necessary capital to meet its ongoing operational and funding requirements.

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders and other related parties, the ability of the Company to raise equity financing, and the attainment of profitable operations, external financings and further share issuances to meet the Company's liabilities as they become payable. These financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported expenses, and the balance sheet classifications used, that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and that such adjustment could be material.

### 2. Significant Accounting Policies

#### (a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the functional currency is the Canadian dollar.

#### (b) Cash and cash equivalents

The Company considers cash and cash equivalents to be cash and short-term investments with redeemable features or original maturities of three months or less from the date of acquisition, and readily convertible to known amounts of cash without a significant risk of change in value.

#### (c) Mineral Properties

Acquisition costs of mineral properties and direct exploration and development expenditures thereon are capitalized on an individual prospect basis. Costs relating to properties abandoned are written-off when such decision is made. When production is attained, these costs will be reclassified as mining assets and amortized using the unit-of-production method based upon estimated recoverable reserves.

If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 2. Significant Accounting Policies (Continued)

#### (c) Mineral Properties (Continued)

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop the properties and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain mineral claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated title to its mineral interests and, to the best of its knowledge, ownership of its interests are in good standing

#### (d) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its mineral interests in good standing.

#### (e) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recognized using the following:

Furniture and fixtures - 20% declining balance  
Computer equipment - 30% declining balance

#### (f) Stock-Based Compensation

The Company accounts for stock-based payments to directors, employees and non-employees, including direct awards of stock, using the Black-Scholes option pricing model, a fair value based method, and are recorded over the period the stock-based payments are vested with a corresponding increase in shareholders' equity under option compensation. When stock options are exercised the corresponding fair value is transferred to share capital. When stock options are forfeited, cancelled or expired the corresponding fair value is transferred to contributed surplus.

#### (g) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

For the years presented, this calculation proved to be anti-dilutive and is not presented separately.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 2. Significant Accounting Policies (Continued)

#### (h) Asset Retirement Obligation

An asset retirement obligation is an obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

The Company does not have any significant asset retirement obligations.

#### (i) Share Capital

Share capital is comprised of proceeds from share issuances, net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date of issue.

Canadian tax legislation permits a company to issue flow-through common shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investor(s) rather than the company. The Company records a future income tax liability and a reduction in share capital for the estimated tax benefit transferred to the investor(s), when expenditures are renounced.

When flow-through expenditures are renounced, a portion of future income tax assets not recognized in previous years, due to the recording of valuation allowance, will be offset against related future income tax liabilities and recognized as a recovery of future income taxes in the Statement of Operations.

#### (j) Future Income Taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

#### (k) Management's Estimates

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the reporting period. Significant areas of estimate include the impairment of assets and rates for amortization, accrued liabilities, future income tax balances and valuation allowances, and the determination of stock-based compensation. Actual results may differ from those estimates and may impact future results of operations and cash flows.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 2. Significant Accounting Policies (Continued)

#### (l) Financial Instruments

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instruments classification. Held-for-trading instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its cash and cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities and amounts due to related parties are classified as other financial liabilities; all of which are measured at amortized cost.

The Company follows 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 such risks.

The Company also follows CICA Handbook Section 3863, *Financial instruments – presentation*, which 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.

#### (m) Capital disclosures

The Company follows CICA Handbook Section 1535 "Capital Disclosures", which sets out standards for disclosing information about an entity's capital and how it is managed. See Note 9 for disclosure.

#### (n) Comprehensive Income

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale. The Company does not have any comprehensive income items.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 3. Change in Accounting Policies

The Company adopted the following new accounting standards issued by the CICA during the current fiscal year:

#### (a) Goodwill and Intangible Assets

Effective January 1, 2009, CICA Section 3064 replaced 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 intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this section did not impact the Company's financial statements.

#### (b) Fair Value Hierarchy Disclosures

Effective October 1, 2009, CICA Section 3862 "Financial Instruments – Disclosures" was amended to require disclosures about the relative inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value inputs are:

- i) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- ii) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly; and
- iii) Level 3 – Inputs that are not based on observable market data.

The effects of the adoption of this section have been disclosed in Note 14.

### 4. Recent Accounting Pronouncements

#### (a) International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use the IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011.

#### (b) Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combinations accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

The Company does not anticipate the adoption of the above standards will have a significant impact on the Company's consolidated financial statements.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements Years Ended February 28, 2010 and February 28, 2009 Canadian Funds

### 5. Mineral Properties

At February 28, 2010 and 2009, expenditures made on mineral properties by the Company are as follows:

	Amer Lake Nunavut	S. Baker Nunavut	Thelon NWT	Hepburn NWT	Sask.	Other Properties	Gold Properties	Total
Balance, February 28, 2009	\$4,787,534	\$4,388,701	\$210,779	\$825,175	\$1,276,718	\$369,199	\$ -	\$11,858,106
Additions during period:								
Acquisition costs	-	-	-	-	-	-	85,799	85,799
Exploration:								
Airborne	-	1,772	-	-	-	506	-	2,278
Camp costs	153,441	6,000	-	18,343	-	69	-	177,853
Drilling	849,383	2,261	-	-	-	-	-	851,644
Environment	815	-	-	-	-	-	-	815
Geology	78,151	16,960	577	4,029	1,149	8,099	10,165	119,130
Mob/Demobilization	11,134	7,560	-	-	-	-	-	18,694
Modelling	33,776	-	-	-	-	-	-	33,776
Permitting	3,303	1,775	-	-	-	-	-	5,078
Property	6,159	5,235	-	-	25	11,448	58,858	81,725
	1,136,162	41,563	577	22,372	1,174	20,122	69,023	1,290,993
Less:								
Recoveries	(49,908)	(446,002)	-	-	-	-	-	(495,910)
Write-off	-	-	(211,356)	-	(1,277,892)	-	-	(1,489,248)
	(49,908)	(446,002)	(211,356)	-	(1,277,892)	-	-	(1,985,158)
Net additions	1,086,254	(404,439)	(210,779)	22,372	(1,276,718)	20,122	154,822	(608,366)
Balance, February 28, 2010	\$5,873,788	\$3,984,262	\$ -	\$847,547	\$ -	\$389,321	\$154,822	\$11,249,740

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

### 5. Mineral Properties (Continued)

	Amer Lake Nunavut	S. Baker Nunavut	Thelon NWT	Hepburn NWT	Sask.	Others	Total
Balance, February 29, 2008	\$3,054,721	\$2,596,194	\$209,652	\$823,789	\$1,325,957	\$902,978	\$8,913,291
Additions during period:							
Acquisition costs	-	-	-	-	-	-	-
Exploration:							
Project management	99,781	142,596	-	109	5,636	4,361	252,483
Airborne	-	-	-	3,502	1,949	151,233	156,684
Camp costs	60,473	39,000	-	-	-	3,288	102,761
Drilling	1,337,839	1,442,067	-	-	16,332	-	2,796,238
Geology	148,959	109,666	1,127	15,880	37,169	15,785	328,586
Geophysics	47,920	31,435	-	-	50,479	-	129,834
Geochemistry	1,637	-	-	48	-	-	1,685
Mob/Demobilization	-	16,200	-	-	-	-	16,200
Permitting	26,242	220	-	-	19,218	32,219	77,899
Prospecting	4,393	-	-	-	55,907	-	60,300
Property	5,569	11,323	-	-	107	8,409	25,408
	1,732,813	1,792,507	1,127	19,539	186,797	215,295	3,948,078
Less:							
Recoveries	-	-	-	(18,153)	-	(192,801)	(210,954)
Write-off	-	-	-	-	(236,036)	(556,273)	(792,309)
	-	-	-	(18,153)	(236,036)	(749,074)	(1,003,263)
Net additions	1,732,813	1,792,507	1,127	1,386	(49,239)	(533,779)	2,944,815
Balance, February 28, 2009	\$4,787,534	\$4,388,701	\$210,779	\$825,175	\$1,276,718	\$369,199	\$11,858,106

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 5. Mineral Properties (Continued)

The Company holds the following mineral claims and permits:

#### (a) Amer Lake, Nunavut

The Company holds a 100% interest in certain claims subject to a 2% gross overriding royalty ("GOR") in respect of diamonds, a 5% royalty on uranium production and a 2% net smelter returns royalty ("NSR") in respect of other metals.

The Company also acquired a 100% interest in certain permits near Amer Lake, from an option agreement with MPH Consulting Limited ("MPH") by paying \$100,000 and issuing 312,865 common shares of the Company in 2007 and 2008.

The permits are subject to a 3% royalty on uranium payable to MPH, of which the Company may purchase two-thirds of this royalty for total cash payments of \$2,000,000. In addition, the permits are also subject to a 2% NSR, a 3% royalty on uranium and a 2% GOR on diamonds, all payable to Diamonds North Resources Ltd. ("Diamonds North"), a company related by virtue of directors in common.

#### (b) S. Baker, Nunavut

The Company holds a 100% interest in certain claims subject to a 2% GOR in respect of diamonds, a 5% royalty on uranium production and a 2% NSR in respect of other metals.

#### (c) Thelon, NWT

The Company holds a 100% interest subject to an agreement with Bayswater Uranium Corp. ("Bayswater") who has an option to earn an 80% interest, and holds the right to explore for and develop uranium and all other metals (except diamonds) in additional claims subject to a 5% royalty on uranium production and a 2% NSR in respect of other metals.

In order to earn their 80% interest, Bayswater was required to make staged exploration expenditures totaling \$4,000,000, of which \$2,000,000 has been incurred to date. The Company and Bayswater have agreed to suspend the remaining required exploration expenditures due to permitting restrictions and a formal amendment to the agreement is pending.

Due to uncertainty regarding permitting, the Company has written off acquisition and exploration costs of \$211,356

#### (d) Hepburn, NWT

The Company holds a 100% interest to explore for and develop uranium subject to a 5% uranium royalty.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 5. Mineral Properties (Continued)

#### (e) Saskatchewan

The Company acquired a 100% interest in certain claims in the Athabasca Basin of Saskatchewan, from an option agreement with MPH, by paying \$5,000 and issuing 166,666 common shares of the Company in 2007.

The permits are subject to a 2% royalty on uranium payable to MPH, of which the Company may purchase one-half for a cash payment of \$1,000,000. In addition, the property is also subject to a 2% NSR, a 3% royalty on uranium and a 2% GOR on diamonds, all payable to Diamonds North.

These claims include:

i) Beatty River, Saskatchewan

The Company held a 100% interest in claims acquired by staking. During the year ended February 28, 2009, the Company allowed the claims to lapse and, accordingly, wrote-off expenditures of \$236,036.

ii) Carswell East, Saskatchewan

The Company held a 100% interest in claims acquired by staking. During the year ended February 28, 2010, the Company allowed the claims to lapse and accordingly, wrote-off expenditures of \$1,277,892.

#### (f) Other Properties

i) Hawk and Yathkyed, Nunavut

The Company holds three exploration permits covering two separate properties in the Thelon Region of Nunavut. The Company made a one-time cash payment to MPH of \$25,000 and issued a total of 42,337 shares in respect of the initial property acquisition in 2008.

ii) Tasiq-2, Nunavut

The Company held a 100% interest to explore and develop uranium and all other metals (except diamonds) subject to a 5% uranium royalty and a 2% NSR in respect of other metals. During the year ended February 28, 2009, the Company allowed the claims to lapse and, accordingly, wrote-off acquisition and exploration costs of \$55,817.

iii) Thelon-East, NWT

The Company held certain exploration permits in the NWT. During the year ended February 28, 2009, the Company abandoned the property and, accordingly, wrote-off expenditures of \$500,456.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 5. Mineral Properties (Continued)

#### (g) Gold Properties

##### i) Mallery Lake, Nunavut

The Company holds a 100% interest in certain claims acquired by staking.

##### ii) Aura, Nunavut

The Company holds a 100% interest in certain prospecting permits and mineral claims.

### 6. Equipment

Details are as follows:

February 28, 2010	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 12,777	\$ (4,337)	\$ 8,440
Computer equipment	27,343	(13,363)	13,980
	\$ 40,120	\$ (17,700)	\$ 22,420

  

February 28, 2009	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 12,777	\$ (2,228)	\$ 10,549
Computer equipment	25,556	(7,754)	17,802
	\$ 38,333	\$ (9,982)	\$ 28,351

### 7. Share Capital

#### (a) Authorized

Unlimited common shares without par value.

#### (b) Escrowed Shares

Of the shares issued, a total of 3,877,500 common shares were issued subject to escrow provisions pursuant to the policies of the Exchange. As at February 28, 2010, Nil (2009 – 1,163,250) common shares remained in escrow

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 7. Share Capital (Continued)

#### (c) Share Issuances

##### Fiscal 2010

- (i) In June 2009, the Company completed a non-brokered private placement for the issue of 2,262,517 flow-through common shares at a purchase price of \$0.12 per share. Finder's fee warrants of 32,666 were issued to purchase up to 32,666 common shares at a price of \$0.20 per share. The warrants expire on June 22, 2010. Using the Black-Scholes option pricing model, a fair value of \$896 was assigned to these warrants and added to contributed surplus. The fair value of the compensatory warrants was estimated using the Black-Scholes option pricing model with a risk free rate of 0.28%, an expected life of 1 year, an expected volatility of 121% and an expected dividend yield of 0%. The Company incurred additional share issue costs in the amount of \$2,853 in connection with the placement
- (ii) In May 2009, the Company issued 600,000 common shares to settle payables of \$205,452.

##### Fiscal 2009

- (i) In June 2008, the Company completed the first tranche of a non-brokered private placement for the issue of 12,287,031 flow-through common shares at a purchase price of \$0.30 per share. Finder's fees of \$164,755 were paid and 698,859 warrants to purchase up to 698,859 common shares at a price of \$0.45 per share were issued. The warrants expired on June 6, 2009. Using the Black-Scholes option pricing model, a fair value of \$36,095 was assigned to these warrants and added to contributed surplus. The fair value of the compensatory warrants was estimated using the Black-Scholes option pricing model with a risk free rate of 1.93%, an expected life of 1 year, an expected volatility of 83% and an expected dividend yield of 0%. The Company incurred additional share issue costs in the amount of \$29,547 in connection with the placement.
- (ii) In June 2008, the Company completed the second tranche of a non-brokered private placement for the issue of 1,243,332 flow-through common shares at a purchase price of \$0.30 per share. Finder's fees of \$12,500 were paid and 58,333 warrants to purchase up to 58,333 common shares at a price of \$0.45 per share were issued. The warrants expired on June 18, 2009. Using the Black-Scholes option pricing model, a fair value of \$2,949 was assigned to these warrants and added to contributed surplus. The fair value of the compensatory warrants was estimated using the Black-Scholes option pricing model with a risk free rate of 1.93%, an expected life of 1 year, an expected volatility of 83% and an expected dividend yield of 0%. The Company incurred additional share issue costs in the amount of \$2,792 in connection with the placement.
- (iii) In 2006, Diamonds North advanced \$300,000 to the Company bearing interest at 5% per annum. In December 2008, the debt plus accrued interest was settled by the issuance of 1,689,281 common shares at a value of \$337,856.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

### 7. Share Capital (Continued)

#### (d) Stock Options

Options to purchase common shares have been granted to directors, officers, employees and consultants at an exercise price determined by reference to the market value on the date of grant. Under the Company's stock option plan, the Company may grant stock options for the purchase of up to 8,254,000 common shares. Vesting of stock options is either at 25% on the date of grant and 12.5% every quarter thereafter, or at the discretion of the board of directors.

As at February 28, 2010, the Company had stock options outstanding for the purchase of 5,970,577 common shares (2009 – 4,689,573) of which 4,278,077 stock options (2009 – 3,289,573) were exercisable with a weighted average exercise price of \$0.52 (2009 - \$0.69) per option.

	Shares	Weighted Average Exercise Price
Outstanding at February 28, 2008	2,946,403	\$ 0.77
Granted	1,850,000	0.15
Cancelled/Expired	(106,830)	0.43
Outstanding at February 28, 2009	4,689,573	0.53
Granted	1,730,000	0.10
Cancelled/Expired	(448,996)	0.54
Outstanding at February 28, 2010	5,970,577	\$ 0.40

The following summarizes information about stock options outstanding at February 28, 2010:

Expiry Date	Exercise Price	Number of Shares
March 22, 2010	0.987	41,250
May 17, 2010	0.729	74,999
April 12, 2011	0.848	234,328
July 13, 2011	1.020	10,000
October 11, 2011	0.750	1,950,000
May 1, 2012	0.920	150,000
February 8, 2013	0.500	200,000
September 19, 2013	0.150	1,580,000
November 25, 2014	0.100	1,730,000
Options outstanding		5,970,577

Subsequent to February 28, 2010, 41,250 stock options with an exercise price of \$0.987 expired unexercised on March 22, 2010 and 74,999 options with an exercise price of \$0.729 expired unexercised on May 17, 2010.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

### 7. Share Capital (Continued)

#### (e) Stock-Based Compensation

During the year ended February 28, 2010 the Company granted stock options to employees, directors and consultants to acquire up to 1,730,000 common shares at an exercise price of \$0.10 per share (2009 – 1,850,000 common shares at an exercise price of \$0.15 per share).

The fair value of options granted during the fiscal year was \$86,947 (2009 - \$195,309) or \$0.05 (2009 - \$0.11) per option. Total stock based compensation expense recognized for options that vested during the fiscal year was \$204,523 (2009 - \$137,016). The fair value of unvested options outstanding at fiscal year end was \$43,933 (2009 - \$161,509).

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	February 28, 2010	February 28, 2009
Risk-free interest rate	1.98%	3.08%
Expected dividend yield	-	-
Expected stock price volatility	113%	105%
Expected option life in years	4.25	5

#### (f) Warrants

At February 28, 2010, the Company had outstanding warrants to purchase an aggregate of 32,666 common shares as follows:

Exercise Price	Expiry Date	Outstanding at February 28, 2009	Issued	Exercised	Expired	Outstanding at February 28, 2010
\$ 0.80	April 11, 2009	8,750	-	-	(8,750)	-
\$ 0.45	June 6, 2009	698,859	-	-	(698,859)	-
\$ 0.45	June 18, 2009	58,333	-	-	(58,333)	-
\$ 0.20	June 22, 2010	-	32,666	-	-	32,666
		765,942	32,666	-	(765,192)	32,666

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

### 8. Supplemental Disclosure With Respect To Cash Flows

	2010	2009
Significant non-cash investing and financing activities:		
Investing activities		
Field supplies applied to mineral properties	\$ -	\$ 68,912
Financing activities		
Income tax effect on flow-through share renouncement	\$ 67,875	\$ 1,248,176
Fair value of finder's fee warrants issued	897	39,044
Repayment of loan and interest payable in common shares	-	337,856
Shares issued for outstanding payables relating to mineral properties	205,452	-
Mineral property expenditures included in accounts payable	24,794	309,130
Mineral property expenditures included in due to related parties	71,653	-
Other cash flow information		
Interest paid	-	-
Income taxes paid	-	-

Cash and cash equivalents consists entirely of cash.

### 9. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as shareholder's equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares periodic expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets require approval by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

### 10. Related Party Transactions

- (a) For the year ended February 28, 2010, an officer of the Company charged a total of \$30,000 (2009-\$30,000) which has been expensed as administration fees.
- (b) For the year ended February 28, 2010, an officer of the Company charged a total of \$37,800 (2009 - \$40,600) for accounting services.
- (c) For the year ended February 28, 2010, a director of the Company charged a total of \$1,750 (2009 - \$58,750) for geological consulting fees, which has been charged to mineral properties.
- (d) For the year ended February 28, 2010, administration fees of \$24,902 (2009 - \$29,008), rent of \$52,233 (2009 - \$46,810) and management fees of \$22,260 (2009 - \$40,909) were charged by Diamonds North.
- (e) Amounts due to related parties, totalling \$244,123 (2009 - \$69,507), consists of \$129,095 (2009 - \$49,568) for fees owed to directors and an officer of the Company, and \$115,028 (2009 - \$19,938) to Diamonds North for shared administrative expenses and exploration costs.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

### 11. Segmented Information

The Company has one operating segment, being mineral exploration, and all assets of the Company are located in Canada.

### 12. Income Taxes

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately \$2,900,000 (2009 - \$2,170,000). The losses may be carried forward to reduce taxable income in future years and, unless utilized, will expire through 2030.

Significant components of the Company's future tax assets and liabilities are as follows:

	February 28, 2010	February 28, 2009
Future income tax assets		
Non-capital losses carried forward	\$ 734,000	\$ 543,000
Temporary differences on other assets	86,000	134,000
	820,000	677,000
Future income tax liability		
Mineral properties	(1,087,000)	(1,495,000)
	\$ (267,000)	\$ (818,000)

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

### 12. Income Taxes (Continued)

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	Years Ended	
	February 28, 2010	February 28, 2009
Income tax benefit computed at Canadian statutory rates	\$ 676,373	\$ 486,600
Temporary differences not recognized	(447,389)	(183,000)
Permanent differences not recognized	(207)	(42,700)
Recognition of previously unrecognized tax assets	390,098	797,856
Future income tax recovery	\$ 618,875	\$ 1,058,756

The Company renounced \$271,502 (2009 - \$4,059,109) of its mineral property expenditures to flow-through shareholders. The resultant loss of these tax deductions, which is treated as a cost of issuing flow-through shares, gives rise to a future income tax liability of \$67,875 (2009- \$1,248,176). This liability has been offset by the Company's recognition of future income tax assets that have been previously offset by a valuation allowance. As at February 28, 2010, the amount of flow-through proceeds remaining to be expended is approximately \$71,279.

### 13. Commitments

On May 4, 2010, the Company entered into a five-year sub lease agreement, with Diamonds North for office premises effective August 1, 2010. Approximate future annual lease payments based on basic rent charges are as follows:

Fiscal Year	Amount
2011	13,560
2012	27,997
2013	29,503
2014	31,010
2015	31,638
2016	13,182
	\$ 146,890

In addition to basic rent, the Company is also subject to its proportionate share of taxes and operating costs.

### 14. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and due to related parties. The fair value of these financial instruments, other than cash and cash equivalents, approximates their carrying value, due to their short-term nature. Cash and cash equivalents are measured at fair value using level 1 inputs.

#### Credit Risk

Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are primarily held in major Canadian financial institutions. The Company's receivables consist mainly of GST receivables due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in receivables is minimal.

# URANIUM NORTH RESOURCES CORP.

## Notes to Financial Statements

Years Ended February 28, 2010 and February 28, 2009

Canadian Funds

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### 14. Financial Instruments (Continued)

#### **Interest Rate Risk**

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

#### **Liquidity Risk**

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

#### **Foreign Exchange Risk**

The Company is not exposed to significant foreign exchange risk as it operates in Canada and makes few foreign currency purchases.

**Description of Business**

Uranium North Resources Corp. ("the Company" or "Uranium North") is an exploration stage company engaged in the acquisition and exploration of precious metals and uranium properties. The principal properties are located in northern Canada throughout Nunavut ("NU"), and the Northwest Territories ("NWT"). The Company trades on the TSX Venture Exchange ("Exchange") under the symbol "UNR" and is a reporting issuer in British Columbia and Alberta. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the audited financial statements and the notes thereto for the year ended February 28, 2010.

**Forward-Looking Statements**

This Management's Discussion and Analysis ("MD&A") may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements in this MD&A are only made as of May 27, 2010 (the "Report Date"). These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

Factors that could cause actual results to differ materially from these forward-looking statements include market prices, exploration success, and continued availability of capital and general economic, market or business conditions.

This list is not exhaustive and these and other factors should be considered carefully; readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company disclaims any intention and assumes no obligation to update any forward-looking statement contained in this document, even if new information becomes available, as a result of future events or for any other reason.

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

**Company Overview and Projects****(a) Highlights for the Year Ended February 28, 2010**

On May 27, 2009, the Company announced that the Phase 1 drill program on the Amer Lake property in Nunavut was completed. A total of 1,216 metres in 10 reverse circulation (RC) drill holes were completed. A total of 586 RC samples were assayed and used to assist in resource calculations.

On June 10, 2009, the Company announced the identification of two high priority uranium targets on its 100% owned Yathkyed property in Nunavut. An airborne radiometric and magnetic geophysical survey over the property has detected 56 uranium anomalies.

On June 23, 2009, the Company completed a non-brokered private placement for the issue of 2,262,517 flow-through common shares at a price of \$0.12 per share for gross proceeds of \$271,502.

On September 24, 2009, the Company filed a National Instrument 43-101 technical report for its wholly owned Amer lake property in Nunavut on Sedar. The report describes the inferred mineral resource calculation for the Main Zone Deposit. In addition, the report provides an expansion target up to 38 million pounds U<sub>3</sub>O<sub>8</sub>.

On November 25, 2009, the Company granted stock options to employees, directors and consultants to acquire up to 1,730,000 common shares at an exercise price of \$0.10 per share.

On January 12, 2010, the Company announced the acquisition of the Mallery Lake gold property on the eastern side of its 100% owned Tasiq property in Nunavut.

**(b) Events Subsequent to February 28, 2010**

On March 24, 2010, the Company announced that it was awarded thirteen prospecting permits totalling 585,326 acres forming the 100% owned Aura consolidated gold property in Nunavut.

On May 4, 2010, the Company entered into a five-year sub lease agreement, with Diamonds North for new office premises effective August 1, 2010. (See Commitments)

**(c) Amer Lake, Nunavut**

In May 2009, the Company had successfully completed the 2009 exploration drilling program on its Amer Lake property. A total of 1,216 metres in 10 reverse circulation (RC) drill holes were completed. A total of 586 RC samples were assayed and used to assist in resource calculations.

The resource estimate contained in the Main Zone is defined by historic diamond drill holes and recent reverse circulation (RC) drill hole data, up to July 2009. A total of 21 diamond drill holes totaling 4,396 metres and 14 RC holes totaling 1,765 metres were used to create the model used in the resource calculation.

The results of the infill drilling indicate mineralized zones, including continuity of mineralize zones, are significantly thicker than what was reported in historic drilling. The drill program provided the relevant geological and mineralogical information to allow Uranium North to confidently construct a solid geological model and proceed towards the calculation of the NI 43-101 inferred resource. The geological model constructed as a result of the new drill data indicates the Main Zone deposit has significant expansion potential.

Results of Phase 1 – Main Zone drill program are as follows:

Drill hole	From (m)	To (m)	Interval (m)	% U <sub>3</sub> O <sub>8</sub>	
AM09-22	10.06	13.11	3.05	0.015	
	29.87	31.39	1.52	0.018	
	42.37	45.11	2.74	0.013	
	52.12	53.64	1.52	0.019	
	58.22	67.36	9.14	0.022	
<i>Incl.</i>	<b>61.26</b>	<b>64.31</b>	<b>3.05</b>	<b>0.038</b>	
	<b>74.98</b>	<b>75.90</b>	<b>0.91</b>	<b>0.044</b>	
	<b>80.47</b>	<b>82.30</b>	<b>1.83</b>	<b>0.143</b>	
	89.61	103.63	14.02	0.016	
<i>Incl.</i>	<b>97.54</b>	<b>99.06</b>	<b>1.52</b>	<b>0.070</b>	
AM09-23	33.53	35.05	1.52	0.304	
	42.67	50.29	7.62	0.047	
	<i>Incl.</i>	<b>44.20</b>	<b>47.24</b>	<b>3.04</b>	<b>0.095</b>
	58.52	67.06	8.54	0.048	
<i>Incl.</i>	<b>62.48</b>	<b>65.53</b>	<b>3.05</b>	<b>0.102</b>	

## Results of Phase 1 – Main Zone drill program continued

	<b>79.25</b>	<b>83.82</b>	<b>4.57</b>	<b>0.093</b>
<i>Incl.</i>	<b>80.77</b>	<b>82.3</b>	<b>1.53</b>	<b>0.180</b>
	105.16	106.68	1.52	0.020
AM09-24	43.28	45.11	1.83	0.027
	51.82	53.34	1.52	0.012
	74.68	76.20	1.52	0.026
	<b>70.10</b>	<b>71.63</b>	<b>1.53</b>	<b>0.071</b>
	74.68	76.2	1.52	0.026
	79.25	80.77	1.52	0.025
AM09-25	15.24	19.81	4.57	0.029
<i>Incl.</i>	<b>16.76</b>	<b>19.81</b>	<b>3.05</b>	<b>0.035</b>
	27.43	30.48	3.05	0.016
	<b>44.50</b>	<b>45.42</b>	<b>0.92</b>	<b>0.069</b>
	54.86	56.39	1.53	0.016
AM09-26	No Significant Assays			
AM09-27	21.34	24.38	3.04	0.030
	35.05	38.10	3.05	0.026
<i>Incl.</i>	<b>35.05</b>	<b>36.58</b>	<b>1.52</b>	<b>0.037</b>
AM09-28	4.57	9.14	4.57	0.012
	<b>30.48</b>	<b>32.31</b>	<b>1.83</b>	<b>0.034</b>
	40.54	44.20	3.66	0.015
	46.94	47.85	0.91	0.030
	52.43	53.34	0.91	0.020
	67.97	70.10	2.13	0.021
	76.20	79.25	3.05	0.021
	85.34	86.87	1.52	0.012
AM09-29	7.62	8.53	0.91	0.011
	12.19	15.24	3.05	0.014
AM09-30	9.14	12.19	3.05	0.014
	21.34	24.38	3.04	0.019
	36.58	38.10	1.52	0.118
	51.82	53.34	1.52	0.013
	60.96	67.06	6.10	0.025
<i>Incl.</i>	<b>60.96</b>	<b>62.48</b>	<b>1.52</b>	<b>0.042</b>
	77.72	79.25	1.52	0.017
	81.08	81.99	0.91	0.011
	91.14	92.05	0.91	0.031
	99.36	112.17	12.81	0.018
<i>Incl.</i>	<b>100.3</b>	<b>103.02</b>	<b>2.72</b>	<b>0.034</b>
<i>Incl.</i>	<b>106.69</b>	<b>109.41</b>	<b>2.72</b>	<b>0.029</b>
AM09-31	62.48	64.01	1.52	0.013
	71.63	73.15	1.52	0.019
	79.25	83.82	4.57	0.018
<i>Incl.</i>	<b>79.25</b>	<b>80.77</b>	<b>1.52</b>	<b>0.042</b>
	88.39	89.92	1.52	0.044

The Company completed and filed a National Instrument 43-101 technical report describing the inferred mineral resource calculation for the Main Zone Deposit. In addition the report provided an expansion target up to 38 million pounds of U<sub>3</sub>O<sub>8</sub>.

Using the current industry standard cut-off of 0.01% U<sub>3</sub>O<sub>8</sub>, an inferred resource of 19.3 million pounds at a grade of 0.04% U<sub>3</sub>O<sub>8</sub> has been defined or 9.7 million pounds U<sub>3</sub>O<sub>8</sub> at a grade of 0.09 using a 0.05% U<sub>3</sub>O<sub>8</sub> cut-off.

The report demonstrates a significant increase from the historic estimate of 6.7 million pounds grading 0.07% U<sub>3</sub>O<sub>8</sub> at a cut off of 0.05% U<sub>3</sub>O<sub>8</sub> to 12.9 million pounds U<sub>3</sub>O<sub>8</sub> grading 0.07% U<sub>3</sub>O<sub>8</sub> using a 0.04% cut-off.

Table 1. Details of the inferred resource estimate are as follows:

Grade % U <sub>3</sub> O <sub>8</sub>	Tonnage T x 1,000	Cut-Off % U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub> lbs
0.04	21,423	0.01	19,317,912
0.05	15,344	0.02	17,509,496
0.06	11,596	0.03	15,462,282
0.07	8,391	0.04	12,981,657
0.09	5,094	0.05	9,713,449

The independent NI 43-101 report concludes that the deposit remains open to the south and east and that it can potentially be greatly increased with continued drilling in this direction. Further, the report suggests that the current Main Zone resource may be understated and that more infill drilling may increase the mineral resources as it appears to be under sampled by the historical drilling.

The report provides a target of 38 million pounds U<sub>3</sub>O<sub>8</sub> at a 0.01% U<sub>3</sub>O<sub>8</sub> cut-off to 20 million pounds U<sub>3</sub>O<sub>8</sub> at a 0.05% U<sub>3</sub>O<sub>8</sub> cut-off. This deposit size is the target for the upcoming drill program.

Allan Armitage, Ph.D., P.Geol, was the Qualified Person as defined by National Instrument 43-101, and was responsible for quality control of exploration undertaken by the Company and has reviewed and approved the technical information. GeoVector Management Inc. of Ottawa managed the field program. Mineral resource estimates were carried out by Mr. Joseph Campbell, President of GeoVector Management Inc., and an independent Qualified Person as defined by National Instrument 43-101. Alan Sexton, MSc, P.Geol, the Project Manager and a Qualified Person under NI 43-101, supervised the technical aspects of the 2009 field program.

## Outlook

Using the database owned by the shareholders the company identified several significant gold opportunities. The company has 100% ownership of three areas with the potential to discover new gold districts. The Company is rapidly advancing these projects from ideas to drill ready projects.

The Aura property includes three high grade historical gold / silver / +-copper prospects, Nowyak, F13 and Robin. These regions are under explored and highly prospective. At Aura, the company is planning detailed prospecting to define drill targets. It is noteworthy that F13 and Robin were both discovered in 1964 by nickel explorers and very little work has been conducted for gold in the area.

Mallery Lake gold prospect is host to two known gold bearing structures one of which, the Mallery Stockwork, yields gold values as high as 24.62 g/t Au. This prospect has never been drilled and with limited expenditure is expected to be drilled in 2010

**URANIUM NORTH RESOURCES CORP.**

**Management's Discussion and Analysis  
For the Year Ended February 28, 2010**

**Form 51-102F1**

**Mineral Property Expenditures Table**

	Amer Lake Nunavut	S. Baker Nunavut	Thelon NWT	Hepburn NWT	Sask.	Other Properties	Gold Properties	Total
Balance, February 28, 2009	\$4,787,534	\$4,388,701	\$210,779	\$825,175	\$1,276,718	\$369,199	\$ -	\$11,858,106
Additions during period:								
Acquisition costs	-	-	-	-	-	-	85,799	85,799
Exploration:								
Airborne	-	1,772	-	-	-	506	-	2,278
Camp costs	153,441	6,000	-	18,343	-	69	-	177,853
Drilling	849,383	2,261	-	-	-	-	-	851,644
Environment	815	-	-	-	-	-	-	815
Geology	78,151	16,960	577	4,029	1,149	8,099	10,165	119,130
Mob/Demobilization	11,134	7,560	-	-	-	-	-	18,694
Modelling	33,776	-	-	-	-	-	-	33,776
Permitting	3,303	1,775	-	-	-	-	-	5,078
Property	6,159	5,235	-	-	25	11,448	58,858	81,725
	1,136,162	41,563	577	22,372	1,174	20,122	69,023	1,290,993
Less:								
Recoveries	(49,908)	(446,002)	-	-	-	-	-	(495,910)
Write-off	-	-	(211,356)	-	(1,277,892)	-	-	(1,489,248)
	(49,908)	(446,002)	(211,356)	-	(1,277,892)	-	-	(1,985,158)
Net additions	1,086,254	(404,439)	(210,779)	22,372	(1,276,718)	20,122	154,822	(608,366)
Balance, February 28, 2010	\$5,873,788	\$3,984,262	\$ -	\$847,547	\$ -	\$389,321	\$154,822	\$11,249,740

**Selected Annual Information**

Selected annual information from the Company's audited consolidated financial statements for the years ended February 2010, 2009, and 2008.

	2010 (\$)	2009 (\$)	2008 (\$)
General and administration expenses	(785,982)	(871,592)	(1,056,953)
Loss for the year	(1,648,321)	(523,666)	(756,674)
Basic and diluted loss per share	(0.04)	(0.01)	(0.03)
Cash dividends per share	Nil	Nil	Nil
Other comprehensive income (loss)	Nil	Nil	Nil
Assets	12,030,876	13,720,291	11,633,787
Long-term liabilities	Nil	Nil	Nil

**Results of Operations****(a) Current Quarter**

The Company's cash position decreased from \$834,600 to \$738,794. The largest use of cash was for mineral property acquisitions and exploration cash expenditures.

Cash exploration funds from the June 2008 and June 2009 flow-through financing funded the \$1,290,993 in mineral property acquisition and exploration cash expenditures. Cash exploration funds received from flow-through financings are used for Canadian exploration and the Company will spend the remaining obligations in the 2010 field season.

The Company spent \$70,112 staking the Mallery Lake gold property and \$15,687 to acquire prospecting permits on the Aura property in Nuanvut.

**(b) Year Ended February 28, 2010**

The Company arranged payment for outstanding invoices owing to MPH Consulting Ltd. totalling \$305,452 with a cash payment of \$100,000 (paid) and issuance of 600,000 common shares (issued) of the Company.

The Company completed a non-brokered private placement and issued 2,262,517 flow-through common shares for gross proceeds of \$271,052.

Results of operations for the year months ended February 28, 2010 are discussed in comparison with the year February 28, 2009. General and administrative expenses of \$785,982 (2009 - \$871,592) represents a \$85,610 decrease compared to the comparative fiscal period. Notable changes include:

Accounting and audit expenditures were \$79,980 (2009 - \$70,784)

Administration and management fees of \$77,162 (2009 - \$101,167) decrease by \$24,005.

Consulting fees of \$1,540 (2009 - \$14,640) represents a decrease of \$13,100 from 2009.

Investor relations and promotion expense of \$175,679 (2009 - \$276,902) reflects a reduced presence at conferences and other trade shows. A breakdown of investor relations and promotion expenses is provided below:

	2010	2009
Administration	\$ 2,141	\$ 4,151
Advertising	6,681	13,769
Consulting	5,026	40,696
Conferences	31,214	56,175
Media	4,482	30,557
Printing	1,881	10,773
Promotional	5,356	3,608
Travel	6,132	341
Salary and benefits	112,766	116,832
	<u>\$ 175,679</u>	<u>\$ 276,902</u>

Rent of \$52,233 (2009 - \$46,810) reflects an increase in office space obtained by the Company.

Wages and benefits of \$35,967 (2009 - \$15,380) are allocated as to time spent on exploration.

Total stock-based compensation on options granted, and vested during the year ended February 28, 2010, resulted in \$204,523 (2009 - \$137,016) being expensed. Stock-based compensation is a non-cash transaction.

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For the Year Ended February 28, 2010****Form 51-102F1**

Future income tax recovery of \$618,875 (2009 - \$1,058,756) was recorded due to the renouncement of exploration expenditures to investors who purchased flow-through shares. The Company renounced \$271,502 in flow-through financings compared to \$4,059,109 in 2009. This is a non-cash transaction.

The Company's net loss for the year was \$1,648,321 (2009 - \$523,666) or \$0.04 per share (2009 - \$0.01) which is not reflective of the operating deficit, due to the future income tax recovery noted above.

Exploration expenditures during the year ended February 28, 2010 were \$1,376,792 (2009 - \$3,948,078), which consisted of \$85,799 (2009- \$Nil) in acquisition costs and \$1,290,993 (2009 - \$3,948,708) in exploration costs.

During the year ended February 28, 2010, the Company had cost recoveries of \$495,910 (2009 - \$210,954) and wrote down \$1,489,248 (2009 - \$792,309) in acquisition and exploration costs.

**Summary of Quarterly Results**

<b>Financial Data</b>								
<b>Three months ended</b>	<b>May-08</b>	<b>Aug-08</b>	<b>Nov-08</b>	<b>Feb-09</b>	<b>May-09</b>	<b>Aug-09</b>	<b>Nov-09</b>	<b>Feb-10</b>
Exploration expenditures, net	157,134	2,490,385	751,121	(453,825)	244,773	360,558	105,929	(1,319,626)
General and administration	257,195	178,523	210,051	225,823	186,215	164,662	187,371	247,734
Stock-based compensation	38,373	9,622	79,398	9,623	48,489	16,038	59,245	80,751
Income (loss)	(241,354)	(383,887)	(185,596)	287,171	(180,025)	(161,972)	(248,403)	(1,057,921)
Income (loss) per shares - basic	0.01	0.01	0.00	0.01	0.00	0.00	0.00	0.00
Weighted Average common Shares outstanding - basic	27,743,309	40,376,152	41,273,672	38,035,077	43,073,823	45,309,026	45,825,470	45,001,732

The summary of quarterly results are from the Company's financial statement which are prepared in accordance with Canadian generally accepted accounting principles and denoted in the currency of Canada.

Due to seasonal conditions in the Canadian north, the Company's exploration program is mainly done in the second and third quarter.

Senior employees and a consultant of the Company have mutually agreed to defer 10% of their salaries or fees and the directors' of the Company deferred their retainer. These amounts will accrue as a debt owing by the Company and shall not bear interest. At the Company's election, this debt can be satisfied in cash and/or common shares. Management is actively seeking to raise the necessary capital to meet its funding requirements and have undertaken available cost cutting measures.

Stock-based compensation is a method used by junior exploration companies in retaining staff from larger producing companies which can offer more lucrative or stable employment. The Company will look to using stock-based compensation to compensate staff and directors who have made sacrifices in an effort to conserve cash.

The Company is in the exploration stage and does not have operating cash flow. Earnings per share are anomalous and reflect adjustments to future income tax. The Company renounced exploration expenditures under its flow-through share program, resulting in future income tax recovery of \$618,875 (2009 - \$1,058,756).

## Liquidity

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

Currently there are relatively poor market conditions for many junior companies involved in mineral exploration. This can impact credit and liquidity risk:

- liquidity risk increases, as other things being equal, the price of an asset will be reduced if the holder cannot sell the asset immediately.
- credit risk increases, as service providers may not always be able to perform in accordance with the terms of a contract. To help mitigate this risk with contracts that require large advances, the Company may place funds in-trust with a lawyer, to be released on completion of relevant stages.

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

As at February 28, 2010, the Company had a cash position of \$738,794 and working capital of \$436,518, compared to cash of \$1,795,130 and working capital of \$1,410,794 at February 29, 2009.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto.

## Capital Management

The Company considers its capital structure to be shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and has relied primarily on equity financings to meet its capital requirements.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

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

## Financing Activities

In June 2009, the Company completed a non-brokered private placement for the issue of 2,262,517 flow-through common shares at a purchase price of \$0.12 per share. The Company issued 32,666 finder's fee warrants valued at \$896 and incurred additional share issue costs in the amount of \$2,853 in connection with the placement.

## Off-Balance Sheet Arrangements

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

## Related Party Transactions

The Company has engaged a business owned by Janice Davies, an officer of the Company, to provide corporate secretarial services. During the year, the Company was charged the aggregate of \$30,000 (2009 - \$30,000).

The Company has engaged a business owned by Patricia Tanaka, an officer of the Company, to provide accounting and bookkeeping services. During the year, the Company was charged the aggregate of \$37,800 (2009 - \$40,600).

The Company has engaged Daniel Faure, a director of the Company, to provide project management and geological consulting. During the year, the Company charged to this related party in the aggregate of \$1,750 (2009 - \$58,750).

For the year ended February 28, 2010, administration fees of \$24,902 (2009 - \$29,008), rent of \$52,233 (2009 - \$46,810) and management fees of \$22,260 (2009 - \$40,909) have been charged to Diamonds North.

At February 28, 2010, Diamonds North held 11.3% (2009 – 12.1%) of the issued common shares of the Company, and as such is deemed a related party

Amounts due to related parties, totalling \$244,123 (2009 - \$69,507), consists of \$129,095 (2009 - \$49,568) for fees owed to directors and an officer of the Company, and \$115,028 (2009 - \$19,938) to Diamonds North for shared administrative expenses and exploration costs.

### Commitments

On May 4, 2010, the Company entered into a five-year sub lease agreement, with Diamonds North for office premises effective August 1, 2010. Approximate future annual lease payments based on basic rent charges are as follows:

<u>Fiscal Year</u>	<u>Amounts</u>
2011	\$ 13,560
2012	27,997
2013	29,503
2014	31,010
2015	31,638
2016	13,182
	<u>\$ 146,890</u>

In addition to basic rent, the Company is also subject to its proportionate share of taxes and operating costs.

### Proposed Transactions

None.

### Subsequent Events

None

### Changes in Accounting Policies

The Company adopted the following new accounting standard issued by the CICA.

#### *Goodwill and Intangible Assets*

Effective January 1, 2009, CICA Section 3064 replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The adoption of this section did not impact the Company.

### New Accounting Pronouncements

A summary of new Canadian GAAP pronouncements which may affect the financial disclosure and results of operations of the Company for future interim and annual periods follows:

#### *Business Combinations, Non controlling Interest and Consolidated Financial Statements*

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning March 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

The Company does not anticipate the adoption of the above standards will have a significant impact on the Company's consolidated financial statements.

#### *International Financial Reporting Standards ("IFRS")*

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. The Company has adopted a three phase approach to IFRS consisting of:

- Phase 1 'Preliminary Planning and Scoping';
- Phase 2 'Detailed Impact and Assessment': and
- Phase 3 'Implementation'.

The Company has completed Phase 1. Work on Phase 2 will carry on throughout 2010 - 2011.

The Canadian Accounting Standards Board ("AcSB") has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured along with the required disclosure, once all the IFRS accounting standards at the conversion date are known.

Generally, disclosure requirements under IFRS contain more breadth and depth than those required under Canadian GAAP and will result in more extensive financial statement notes.

Set out below are the most significant areas, management has identified to date, where changes in accounting policies may have the potential impact on the Company's consolidated financial statements.

#### - Stock-based compensation:

IFRS and Canadian GAAP largely converge on the accounting treatment for share based transaction with only a few differences. Starting in 2010, the Company is moving from 'straight line' to 'graded' vesting for the recognition of stock-based compensation expense.

#### - Mineral properties:

Under IFRS 6, a mining entity has to determine an accounting policy specifying which expenditures on exploration and evaluation activities will be recorded as assets then apply that policy consistently. It is anticipated the Company will elect under the provisions in IFRS to continue the accounting practice of capitalizing all costs related to investments in mineral property interests on a property-by-property basis.

#### - Flow through shares:

IFRS does not address the accounting treatment for flow-through shares, as it is specific to Canada. Currently, there is no definitive guidance, but it is anticipated that flow-through shares will be treated as

compound financial instruments, and accordingly, will give rise to retrospective adjustments as of March 1, 2010.

### Financial Instruments and other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and due to related parties. The fair value of these financial instruments, other than cash and cash equivalents, approximates their carrying value, due to their short-term nature. Cash and cash equivalents measured at fair value using level 1 inputs.

### Certification of Interim Filing

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

### Other MD&A Requirements

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

As of the Report Date, the Company had 45,825,470 issued common shares outstanding and the following unexercised stock options and warrants:

### Stock Options

Expiry Date	Exercise Price	Number of Shares
April 12, 2011	\$0.848	234,328
July 13, 2011	\$1.020	10,000
October 11, 2011	\$0.750	1,950,000
May 1, 2012	\$0.920	150,000
February 8, 2013	\$0.500	200,000
September 19, 2013	\$0.150	1,580,000
November 25, 2014	\$0.100	1,730,000
		5,854,328

### Warrants

Expiry Date	Exercise Price	Number of Shares
June 22, 2010	\$0.20	32,666
		32,666

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*Director*

Geir Liland  
*Director*

Daniel Faure  
*Director*

Terry A. Lyons  
*Corporate Advisor*

Janice Davies  
*Corporate Secretary*

Patricia Tanaka  
*Chief Financial Officer*

**LISTINGS**

TSX Venture Exchange: **UNR**

**CAPITALIZATION**

(as of February 28, 2010)

Shares Authorized: Unlimited

Shares Issued: 45,825,470

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