

URANIUM NORTH RESOURCES CORP.

Financial Statements
August 31, 2007

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NOTICE - No Audit or Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Uranium North Resources Corp. ("the Company"), for the six months ended August 31, 2007, have been prepared by management and have not been the subject of a review by the Company's external independent auditor.

URANIUM NORTH RESOURCES CORP.Balance Sheet
(Unaudited – See Notice)

	August 31, 2007 (unaudited)	February 28, 2007
ASSETS		
Current		
Cash	\$ 1,699,735	\$ 5,152,372
Cash, exploration funds (Note 10)	1,453,514	-
Accounts receivable	282,713	35,906
Prepaid expenses	17,489	65,249
	3,453,451	5,253,527
Mineral Interests (Note 4)	7,394,818	2,953,009
Equipment (Note 5)	19,563	-
	\$ 10,867,832	\$ 8,206,536
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 964,348	\$ 84,704
Due to related parties (Notes 8)	245,561	47,537
Note payable (Note 6)	300,000	300,000
	1,509,909	432,241
SHAREHOLDERS' EQUITY		
Share Capital (Note 7(b))	10,660,168	8,510,317
Option Compensation (Note 7(e))	521,315	396,928
Deficit	(1,823,560)	(1,132,950)
	9,357,923	7,774,295
	\$ 10,867,832	\$ 8,206,536

Nature of Operations (Note 1)
Subsequent Events (Note 11)

Approved by the Directors:

Mark Kolebaba_____
Geir Liland

See Accompanying Notes to the Financial Statements

URANIUM NORTH RESOURCES CORP.

Statements of Operations and Deficit
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

	For the Three Months Ended		For the Six Months Ended	
	August 31, 2007	August 31, 2006	August 31, 2007	August 31, 2006
General and administrative expenses				
Accounting and audit	\$ 6,900	\$ 7,225	\$ 12,940	\$ 13,225
Administration fees	28,003	6,052	56,834	9,052
Amortization	721	-	1,091	-
Annual meeting costs	5,951	-	5,951	-
Bank charges	163	210	805	379
Consulting fees	-	-	29,221	7,500
Directors fees	55,000	-	55,000	-
Filing fees	2,488	2,272	3,959	2,272
Interest	-	3,781	-	6,582
Investor relations and promotion	99,917	6,077	157,501	6,077
Legal fees	9,524	43,775	13,329	150,847
Office and miscellaneous	4,228	1,853	9,814	4,165
Rent	6,917	-	13,723	-
Stock-based compensation	65,799	-	124,387	-
Transfer agent fees	8,960	817	11,565	817
Wage benefits	130	-	191	-
	(294,701)	(72,062)	(496,311)	(200,916)
Other income (expenses)				
Interest income	13,090	2,580	70,626	3,669
Property investigation	-	-	(1,671)	-
Loan interest	(3,781)	-	(7,562)	-
Write-down of mineral properties	-	-	(255,692)	-
Loss for the period	(285,392)	(69,482)	(690,610)	(197,247)
Deficit, beginning of period	(1,538,168)	(127,765)	(1,132,950)	-
Deficit, end of period	\$ (1,823,560)	\$ (197,247)	\$ (1,823,560)	\$ (197,247)
Loss per share				
-Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.12)
Weighted average number of common shares outstanding				
-Basic and diluted	22,728,462	3,268,133	22,818,981	1,589,017

See Accompanying Notes to the Financial Statements

URANIUM NORTH RESOURCES CORP.

Statements of Cash Flows
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

	For the Three Months Ended		For the Six Months Ended	
	August 31, 2007	August 31, 2006	August 31, 2007	August 31, 2006
Cash flows used in operating activities				
Loss for the period	\$ (285,392)	\$ (69,482)	\$ (690,610)	(197,247)
Items not involving cash:				
Amortization	721	-	1,091	-
Stock-based compensation	65,799	-	124,387	-
Write-off mineral interest	-	-	255,692	-
	(218,872)	(69,482)	(309,440)	
Net change in non-cash working capital items				
Accounts receivable	(125,848)	(25,198)	(246,807)	(30,127)
Prepaid expenses	(7,323)	(4,620)	47,760	(4,620)
Project advances	250,000	-	-	-
Accounts payable and accrued liabilities	748,753	21,151	879,644	76,882
Due to related parties	203,429	-	198,024	-
	850,139	(78,149)	569,181	(155,112)
Cash flows applied to investing activities				
Cash, flow through exploration funds	(1,453,514)	-	(1,453,514)	-
Expenditures on mineral interests	(3,320,593)	(341,322)	(4,522,501)	(341,322)
Purchase of equipment	(10,786)	-	(20,654)	-
	(4,784,893)	(341,322)	(5,996,669)	(341,322)
Cash flows provided by financing activities				
Note payable	-	-	-	300,000
Shares issued for cash, net of issue costs	1,947,845	409,999	1,974,851	410,000
Advance from Diamonds North Resources	-	357,530	-	357,530
	1,947,845	767,529	1,974,851	1,067,530
Increase (decrease) in cash	(1,986,909)	348,058	(3,452,637)	571,096
Cash and cash equivalents, beginning of period	3,686,644	-	5,152,372	(223,038)
Cash and cash equivalents, end of period	\$ 1,699,735	\$ 348,058	\$ 1,699,735	\$ 348,058

Supplemental Cash Flow Information (Note 9)

See Accompanying Notes to the Financial Statements

URANIUM NORTH RESOURCES CORP.

Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

1. Nature of Operations

Uranium North Resources Corp. (the “Company”) was incorporated on March 1, 2006 pursuant to the *Business Corporations 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 actively exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves which are economically recoverable. The Company is considered to be in the exploration stage.

The recoverability of amounts shown for mineral property interests is dependent upon one or more of the following:

- the discovery of economically recoverable reserves,
- the ability of the Company to obtain financing to complete development, and
- future profitable production from the properties or proceeds from disposition.

At August 31, 2007, the Company had a deficit of \$1,841,982 and had working capital of \$1,943,542, which is sufficient to achieve the Company’s planned business objectives for fiscal 2008.

These financial statements have been prepared on a going concern basis, 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 include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect the following policies:

(a) Basis of Presentation

The accompanying unaudited interim financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”) in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual financial statements and the notes thereto for the year ended February 28, 2007. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company’s financial statements including the notes thereto for the year ended February 28, 2007.

(b) Management 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 dates of the financial

URANIUM NORTH RESOURCES CORP.

Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

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Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

3. Change in Accounting Policies

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements. Furthermore the adoption of this policy has no effect on these financial statements.

(a) Financial Instruments – Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company’s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized to cost. Changes in fair value are to be recognized in the statement of operations and the statement of comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company’s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to March 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- i) Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- ii) Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- iii) Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- iv) All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period they arise.

(b) Hedging (Section 3865)

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

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Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

3. Change in Accounting Policies (Continued)

(c) Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period resulting from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

4. Mineral Interests

As at August 31, 2007, the Company's mineral properties are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	Amer Lake Nunavut	S. Baker Nunavut	Thelon NWT	Hepburn NWT	Sask	Others	Total
Balance, February 28, 2007	\$756,742	\$726,758	\$388,162	\$184,481	\$417,326	\$479,540	\$2,953,009
Additions during the period:							
Acquisition costs	125,000	15,874	-	-	50,000	164,935	355,809
Exploration:							
Administration	102,265	49,420	-	3,283	23,576	35,399	213,943
Airborne	29,245	294,351	-	28,877	408,144	-	760,617
Camp costs	54,140	40,012	-	19,743	-	-	113,895
Geochemistry	260	-	-	-	-	-	260
Geology	958,377	471,822	-	220,420	3,710	199,830	1,854,159
Geophysics	-	-	-	-	335,876	-	335,876
Mobilization	498,156	-	-	-	-	-	498,156
Permitting	5,086	-	-	-	60	-	5,146
Property	1,414	2,605	-	-	-	500	4,519
Prospecting	-	363,661	-	6,770	-	206,948	577,379
	1,648,943	1,221,871	-	279,093	771,366	442,677	4,363,950
Less:							
Recoveries	-	(22,259)	-	-	-	-	(22,259)
Write downs	-	-	-	-	-	(255,691)	(255,691)
	-	(22,259)	-	-	-	(255,691)	(277,950)
Net additions	1,773,943	1,215,486	-	279,093	821,366	351,921	4,441,809
Balance at August 31,	\$2,530,685	\$1,942,2443	\$388,162	\$463,574	\$1,238,692	\$831,461	\$7,394,818

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Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

4. Mineral Interests (Continued)

(a) Pursuant to the Arrangement agreement, the following mineral claims and permits were transferred to the Company:

(i) Amer Lake, Nunavut

The Company holds a 100% interest in four permits covering 151,921 acres 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.

(ii) S. Baker, Nunavut

The Company holds a 100% interest in 16 permits covering 705,664 acres subject to a 2% GOR in respect of diamonds, a 5% royalty on uranium production and a 2% NSR in respect of other metals.

(iii) Thelon, NWT

The Company holds a 100% interest in 13 permits covering 498,464 acres and, subject to an agreement with Bayswater Uranium Corporation, holds the right to explore for and develop uranium and all other metals (except diamonds) in 54 claims covering 126,146 acres and 26 permits covering 1,110,085 acres subject to a 5% royalty on uranium production and a 2% NSR in respect of other metals.

(iv) Hepburn, NWT

The Company holds 100% of the interest to explore for and develop uranium from one permit and 25 mineral claims on a property comprised of 219,603 acres subject to a 5% uranium royalty.

(b) On May 15, 2006, Diamonds North entered into an option agreement with MPH Consulting Limited (“MPH”) to acquire a 100% interest in four mineral permits near Amer Lake, Nunavut. Effective July 28, 2006, Diamonds North assigned substantially all of this option agreement to the Company, at which time the Company became obligated to pay or re-pay its share of costs to Diamonds North, and the Company assumed the terms of the May 15, 2006 agreement with MPH and amendments thereto, which provided that:

(i) On or before the earlier of the date the Company lists its shares for trading on the Exchange (the “Listing Date”) or November 30, 2006, \$50,000 in cash (paid) and a number of common shares of the Company equal to \$125,000 (166,666 common shares issued); and

(ii) On or before the date that is 180 days following the first payment, \$50,000 in cash (paid) and a number of common shares of the Company equal to \$125,000 (146,199 common shares issued).

The permits are subject to a 3% royalty on uranium payable to MPH, of which Diamonds North 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% gross overriding royalty on diamonds, all payable to Diamonds North.

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Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

4. Mineral Interests (Continued)

(c) On May 15, 2006, Diamonds North entered into a staking agreement with MPH to stake a minimum of 83,000 hectares of land in the Athabasca Basin of Saskatchewan. Effective July 28, 2006, Diamonds North assigned substantially all of the staking agreement to the Company, at which time the Company became obligated to pay or re-pay its share of the costs to Diamonds North, and the Company assumed the terms of the May 15, 2006 agreement with MPH, which provided:

- (i) On or before the earlier of the Listing Date or September 30, 2006, a number of common shares of the Company equal to \$125,000 (166,666 common shares issued); and
- (ii) Reimbursement for up to \$5,000 for professional services;

The permits are subject to a 2% royalty on uranium payable to MPH, of which Diamonds North may purchase one-half of this royalty 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.

Pursuant to the agreement with MPH, the following mineral claims were transferred to the Company:

- (i) Beatty River, Saskatchewan

The Company holds a 100% interest in three claims covering a 14,989-hectare property acquired by staking.

- (ii) Carswell East, Saskatchewan

The Company holds a 100% interest in 15 claims covering a 68,072-hectare property acquired by staking.

- (iii) Tasiq, Nunavut

The Company holds a 100% interest in 192 claims covering a 467,576-acre property 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 period ended May 31, 2007, the Company abandoned the property and, accordingly, wrote-off expenditures totaling \$255,692.

- (iv) Hawk and Yathkyed, Nunavut

Uranium North has been awarded three exploration permits covering two separate properties in the Thelon Region of Nunavut. They are 100% Company owned and cover 132,000 acres. The Company will make a one-time cash payment to MPH of \$25,000 and issue a number of common shares of the Company equal to \$50,000 (42,337 common shares issued) in respect of these initial property acquisition.

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Notes to Financial Statements
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(Unaudited – See Notice)

5. Equipment

Details are as follows:

August 31, 2007	Cost	Accumulated Amortization	Net Book Value
Furniture and Fixtures	\$ 5,277	\$ (75)	\$ 5,202
Computer equipment	15,376	(1,015)	14,361
	<u>\$ 20,653</u>	<u>\$ (1,090)</u>	<u>\$ 19,563</u>

6. Note Payable

Diamonds North advanced a working capital loan in the amount of \$300,000 to the Company. The unsecured loan is repayable in whole or in part on demand and bears interest at 5% per annum. The loan can be repaid at the option of the Company, provided 30 days' notice is given to Diamonds North. If not repaid earlier, the entire loan plus accrued interest shall be repaid in cash on March 15, 2008.

At any time prior to repayment, whether before or after a notice of prepayment has been given, the loan and accrued interest or any portion thereof may be convertible at the sole discretion and option of Diamonds North into securities of the Company as follows:

- (a) Prior to the first anniversary of the Listing Date, the loan and accrued interest or any portion thereof may be converted into units ("Unit") of the Company at a per Unit conversion price equal to the price of \$0.75 per Unit, with each Unit consisting of one common share of the Company and one share purchase warrant entitling Diamonds North to purchase one additional common share of the Company at a price equal to \$0.90, up to December 6, 2007, whereupon the warrants will expire; and
- (b) On or after December 7, 2007, the loan and accrued interest or any portion thereof may be converted into common shares of the Company at a per share conversion price equal to \$0.75 per share.

As at August 31, 2007, interest of \$21,582 is included in accounts payable and accrued liabilities.

7. Share Capital

(a) Authorized

Unlimited common shares without par value.

URANIUM NORTH RESOURCES CORP.

Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

7. Share Capital (Continued)**(b) Issued and Allotted**

	Number of Shares	Amount
Balance at February 28, 2007	21,973,774	\$ 8,510,317
Issued for cash		
Private Placement, net of issue costs (Note 7 (c))	2,500,000	1,888,000
Exercise of warrants	21,000	27,006
Exercise of options	139,499	59,845
Issued for other consideration		
For resource properties	188,536	175,000
Issued and outstanding, balance at August 31, 2007	24,822,809	\$ 10,660,168

For share issuances after August 31, 2007, see Subsequent Events (Note 11).

(c) Private Placement

On August 15, 2007, the Company completed the first tranche of a non-brokered flow-through private placement for the issue of 2,500,000 flow-through common shares at a price of \$0.80 per share for gross proceeds of \$2,000,000. The Company paid \$100,000 and issued 175,000 warrants as finder's fees. The finder's warrants are exercisable at \$0.80 until February 15, 2009. The Company incurred additional share issue costs in the amount of \$12,000 in connection with the private placement.

(d) Stock Options

As at August 31, 2007, the Company had stock options outstanding for the purchase of 2,822,600 common shares with an average remaining contractual life of 3.75 years, of which 1,722,600 stock options were exercisable at August 31, 2007.

	Shares	Weighted Average
Outstanding at February 28, 2007	2,812,149	\$0.76
Granted		
Issued under the Stock Option Plan	150,000	\$0.92
Exercised	(139,499)	\$0.43
Expired	(50)	\$0.43
Outstanding at August 31, 2007	2,822,600	\$0.78

URANIUM NORTH RESOURCES CORP.

Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

7. Share Capital (Continued)**(d) Stock Options (Continued)**

The following summarizes information about stock options outstanding at August 31, 2007:

Expiry Date	Exercise Price	Number
December 19, 2007	\$ 0.686	8,333
February 20, 2008	\$ 0.686	67,864
March 4, 2008	\$ 0.686	16,666
May 22, 2008	\$ 0.686	9,999
October 6, 2008	\$ 0.600	14,332
March 30, 2009	\$ 1.021	33,333
August 8, 2009	\$ 0.944	93,330
October 18, 2009	\$ 0.858	50,000
January 27, 2010	\$ 0.858	8,333
March 22, 2010	\$ 0.987	42,083
May 17, 2010	\$ 0.729	74,999
April 12, 2011	\$ 0.848	268,328
July 13, 2011	\$ 1.020	22,500
October 11, 2011	\$ 0.750	1,962,500
May 01, 2012	\$ 0.920	150,000
Options outstanding at August 31, 2007		2,822,600

(e) Stock-Based Compensation

During the period ended August 31, 2007, the Company granted stock options to acquire up to an aggregate of 150,000 common shares at an exercise price of \$0.92 per share, and recorded a stock-based compensation expense of \$124,387 based on the fair value of options vested during the period. The stock-based compensation expense was calculated using the Black-Scholes Option Pricing Model.

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions at August 31, 2007:

Risk-free interest rate	2.98%
Expected dividend yield	-
Expected stock price volatility	59%
Expected option life in years	3

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Notes to Financial Statements
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 (Unaudited – See Notice)

7. Share Capital (Continued)**(e) Stock-Based Compensation (Continued)**

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

Stock-based compensation equity account details are as follows:

	Number of Options	Fair Value Amount	
		Unvested	Vested
Unexercised options, February 28, 2007	2,812,149	\$ 125,043	\$ 509,298
Options granted	150,000	45,662	12,017
Options exercised	(139,499)	-	-
Options expired	(50)	-	-
Unexercised options, August 31, 2007	2,822,600	\$ 170,705	\$ 521,315

The following summarizes the fair value of options vested during the period which would be allocated as follows:

Accounting	\$ 8,534
Administration fees	9,957
Consulting fees	18,491
Directors' fees	68,276
Investor relations and promotions	19,129
Stock-based compensation expense	\$ 124,387

(f) Warrants

At August 31, 2007, the Company had outstanding warrants to purchase an aggregate of 5,585,953 common shares as follows:

Exercise Price	Expiry Date	Outstanding at February 28, 2007	Issued	Exercised	Expired	Outstanding at August 31, 2007
\$ 0.858	July 12, 2007	35,000	-	-	(35,000)	-
\$ 1.286	July 19, 2007	573,256	-	(21,000)	(552,256)	-
\$ 0.950	December 6, 2007	4,746,450	-	-	-	4,746,450
\$ 0.950	December 6, 2007	664,503	-	-	-	664,503
\$ 0.800	February 15, 2009	-	175,000	-	-	664,503
		6,019,209	175,000	(21,000)	(587,256)	5,585,953

URANIUM NORTH RESOURCES CORP.

Notes to Financial Statements
For the Period Ended August 31, 2007
(Unaudited – See Notice)

8. Related Party Transactions

As at August 31, 2007, the Company is related to Diamonds North by virtue of certain common officers and directors. In addition to the note payable disclosed in Note 6, the Company had the following related party transactions and balances:

- (a) The Company incurred \$15,000 in administrative fees and \$12,940 in accounting fees with officers of the Company.
- (b) Amounts due to related parties, totalling \$219,006 consists of shared administrative and exploration expenses owed to a company related by virtue of a common director. The amount due to related parties is unsecured, bears no interest and is without specified terms of repayment.
- (c) A total of \$55,000 has been paid to two directors of the Company for services provided.

9. Supplemental Cash Flow Information

- (a) During the period ended August 31, 2007, the Company issued 188,536 common shares in connection with a resource property agreement.
- (b) Other cash flow information

Interest received	\$	70,626
Interest paid	\$	-
Income taxes paid	\$	-

10. Income Taxes

The Company's future income tax liability arises primarily from the renunciation of mineral exploration costs on flow-through shares issued to investors. Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances, which have not been spent as at August 31, 2007 and which are held by the Company for such expenditures. As at August 31, 2007, the amount of flow-through proceeds remaining to be expended is \$1,432,514.

11. Subsequent Events

On October 11, 2007, the Company closed the final tranche of a non-brokered flow-through private placement and issued 142,500 flow-through common shares at \$0.80 per share for gross proceeds of \$114,000. The Company paid \$5,000 and issued 8,750 warrants as finder's fees. The Company incurred additional share issue costs in the amount of \$605 in connection with the private placement.

Description of Business and Report Date

Uranium North Resources Corp. ("the Company") is an exploration stage company engaged in the acquisition and exploration of uranium properties. The principal properties are located in northern Canada throughout Nunavut ("NU"), the Northwest Territories ("NWT") and Saskatchewan. The Company trades as a Tier Two issuer on the TSX Venture Exchange (the "Exchange") under the symbol "UNR" and reporting issuer in British Columbia and Alberta. The following discussion and analysis should be read in conjunction with the audited financial statements and the notes thereto for the year ended February 28, 2007.

Forward-Looking Information

This Management Discussion and Analysis ("MD&A") may contain forward-looking statements that involve risks and uncertainties. Words such as "anticipate," "believe," "estimates," "expects," and similar expressions are used throughout this report to identify these statements. Forward-looking statements in this MD&A are made as of October 11, 2007 (the "Report Date"). Please keep in mind that statements which describe the Company's proposed plans, objectives, and budgets may differ materially from actual results.

Highlights for the Six Months Ended August 31, 2007

On April 19, 2007, the Company announced the completion of a deep penetrating airborne survey on the 100% owned Carswell East and Beatty River properties in the Athabasca Basin, Saskatchewan.

On May 24, 2007, the Company hired Heather Kays as Manager of Corporate Communications.

On June 12, 2007, the Company reported on a historic drill hole on the South Baker property.

On June 25, 2007, the Company granted incentive stock options under the Company's stock option plan to directors to purchase an aggregate of 300,000 treasury shares. The options are exercisable for a period of five years at a price of \$0.87 per share and are subject to the policies of the Exchange.

On June 26, 2007, the Company announced it has acquired the JG property north of the Company's South Baker property in Nunavut. The claims were staked over high grade uranium mineralized boulders ranging from less than 0.1% to 38% U₃O₈.

On July 05, 2007, the company announced that Conductors were identified on the 100% owned Carswell East property. A helicopter supported exploration team was mobilized to the property for follow-up on the anomalies. Extensive boulder and geochemical sampling over six priority conductors is underway to identify alteration zones that could be associated with high grade uranium mineralization.

On August 15, 2007, the Company completed the first tranche of a non-brokered flow-through private placement for the issue of 2,500,000 flow-through common shares at a price of \$0.80 per share for gross proceeds of \$2,000,000.

Events Subsequent to August 31, 2007

On October 11, 2007, the Company completed the final tranche of a non-brokered flow-through private placement for the issue of 142,500 flow-through common shares at a price of \$0.80 per share for gross proceeds of \$114,000.

Significant Events, Transactions and Activities on Mineral Properties

Field surveys were carried out on more than 50 prospects on the Amer Lake, South Baker, Thelon UNR, Hepburn, Carswell East and Beatty River properties. To date 1,750 rock samples, 2,150 soil samples and approximately 50,000 line km of airborne geophysical data have been collected. Results from the program are expected over the next few months.

Summary of phase one exploration includes:

(i) Amer Lake, Nunavut

Initiated 43-101 resource estimate review on the 'Main Zone' (*6.7M lb historic resource-non NI 43-101 compliant)

1882 soil samples and 169 rock samples collected

3150 line km of airborne geophysics surveyed

Land use permit for drilling obtained

This is not a resource estimate and should not be relied upon as insufficient exploration has been carried out to delineate a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

(ii) S. Baker, Nunavut

11 prospects evaluated with 867 rock and 269 soil samples

24,236 line km airborne geophysical survey in progress, approximately one third of which has been completed to date.

Land use permit application in progress

(iii) Carswell East and Beatty River, Saskatchewan

In April 2007, the Company completed a 2,076 line-kilometre Fugro MEGATEM survey. Several multi-kilometre scale EM conductors have been identified and broad historical airborne uranium anomalies are associated with some of the conductors. Extensive boulder and geochemical sampling over six priority conductors was completed to identify alteration zones that could be associated with high grade uranium mineralization.

2076 line km airborne geophysics completed

10 conductors identified, 3 with regional airborne radiometric association

650 composite boulder samples collected

Land use permit application in progress

(iv) Thelon - UNR, Northwest Territories

Detailed ground surveys over several targets completed

4250 line km of airborne geophysics surveyed

Land use permit application in progress

(v) Hepburn, North West Territories

10 prospects evaluated with 64 rock samples

21,000 line km of airborne geophysics

Land use permit for drilling obtained

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B. Brereton, P.Eng. is the qualified person reviewing the data for these projects.

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Tasiq, Nunavut

The Company holds a 100% interest in claims covering the Tasiq property enabling the Company 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 period ended August 31, 2007, the Company abandoned the property and wrote-off expenditures totalling \$255,692.

Financial Results of Operations

The Company's operations during the period ended August 31, 2007 produced a net loss of \$690,610 (2006 - \$197,247) or \$0.03 per share.

1. The general and administrative expenses of \$496,311 (2006 - \$200,916) reflect the increase in activity as the Company moves forward in their exploration programs.
2. Investor relations and promotion expense of \$157,501 reflects the Company's effort to broaden its corporate profile in financial markets, with the retention of a consulting firm and hiring a Manager of Corporate Communications. A breakdown of investor relations and promotion expenses is provided below:

Administration	\$	3,538
Advertising		16,593
Consulting		41,850
Conferences		25,800
Media		13,174
Printing		2,024
Promotional		9,328
Travel		11,220
Wages and benefits		33,974
	\$	<u>157,501</u>

3. Administration fees of \$56,834 (2006 - \$9,052); this increase results from the hiring of a corporate assistant and administration costs incurred by Diamonds North Resources Ltd.
4. Stock-based compensation expenses of \$148,809 would be allocated to the following categories:

Accounting	\$	8,534
Administration fees		9,957
Consulting fees		18,491
Directors' fees		68,276
Investor relations and promotions		19,129
Stock-based compensation expense	\$	<u>124,387</u>

5. Write down of mineral property expense of \$255,692 reflects the write down of the Tasiq project. Results did not warrant maintaining this project and the permits have been allowed to lapse or expire.

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Exploration Expenditures

As at August 31, 2007, the Company's mineral properties are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	Amer Lake Nunavut	S. Baker Nunavut	Thelon NWT	Hepburn NWT	Sask	Others	Total
Balance, February 28, 2007	\$756,742	\$726,758	\$388,162	\$184,481	\$417,326	\$479,540	\$2,953,009
Additions during the period:							
Acquisition costs	125,000	15,874	-	-	50,000	164,935	355,809
Exploration:							
Administration	102,265	49,420	-	3,283	23,576	35,399	213,943
Airborne	29,245	294,351	-	28,877	408,144	-	760,617
Camp costs	54,140	40,012	-	19,743	-	-	113,895
Geochemistry	260	-	-	-	-	-	260
Geology	958,377	471,822	-	220,420	3,710	199,830	1,854,159
Geophysics	-	-	-	-	335,876	-	335,876
Mobilization	498,156	-	-	-	-	-	498,156
Permitting	5,086	-	-	-	60	-	5,146
Property	1,414	2,605	-	-	-	500	4,519
Prospecting	-	363,661	-	6,770	-	206,948	577,379
	1,648,943	1,221,871	-	279,093	771,366	442,677	4,363,950
Less:							
Recoveries	-	(22,259)	-	-	-	-	(22,259)
Write downs	-	-	-	-	-	(255,691)	(255,691)
	-	(22,259)	-	-	-	(255,691)	(277,950)
Net additions	1,773,943	1,215,486	-	279,093	821,366	351,921	4,441,809
Balance at August 31,	\$2,530,685	\$1,942,2443	\$388,162	\$463,574	\$1,238,692	\$831,461	\$7,394,818

Exploration expenditures during the period ended August 31, 2007 were \$4,441,809 which consisted of \$355,809 in acquisition costs; \$4,363,950 in exploration costs and \$22,259 in cost recoveries, with write-downs of \$255,692.

Summary of Quarterly Results

The following are the results for the six most recent quarters with the last quarter ending August 31, 2007:

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Financial Data for Last Two Quarters						
Three months ended	Aug-07	May-07	Feb-07	Nov-06	Aug-06	May-06
Exploration expenditures	3,445,593	996,216	469,666	322,189	2,161,154	-
General and administration expenses	294,701	205,391	412,233	248,575	72,062	128,854
Stock-based compensation	65,799	58,588	239,694	161,318	-	-
Loss for the period	285,392	405,218	691,711	243,992	69,482	127,765
Basic and diluted loss per shares	0.03	0.02	0.14	0.11	0.12	-
Weighted Average common shares						
- basic and diluted	22,728,462	22,005,844	8,177,276	8,334,338	1,589,017	-

Quarterly results can

vary significantly depending on whether the Company realized any gain on sale of its investments, abandoned any properties or granted any stock options. See "Financial Results of Operations" and "Exploration Expenditures".

Liquidity and Capital Resources

The Company has financed its operations through the sale of its equity securities. The Company has no producing mineral properties. The Company expects to obtain financing in the future primarily through equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interests in its properties.

As at August 31, 2007, the Company had a cash position of \$3,153,249 and working capital of \$1,643,340, which is sufficient to achieve the Company's business objectives for fiscal 2008. Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. During the period ended August 31, 2007, the Company received \$27,006 from the exercise of warrants and \$59,845 from the exercise of stock options.

Financing Activities

The Company completed a non-brokered flow-through private placement for the issue of 2,642,500 flow-through common shares at a price of \$0.80 per share for gross proceeds of \$2,114,000.

Related Party Transactions

In addition to the note payable disclosed in Note 6, the Company had the following related party transactions:

- (a) The Company incurred \$15,000 in administrative fees and \$12,940 in accounting fees with officers of the Company.
- (b) Amounts due to related parties, totalling \$219,006 consist of shared administrative expenses and exploration expenses owed to a company related by virtue of a common director.

Mark Kolebaba and Maynard Brown are directors of the Company as well as Diamonds North and the transactions described throughout this MD&A between the Company and Diamonds North are deemed to be related party transactions.

Given that the Company's directors and officers are engaged in a wide range of activities, the Company operates under the conflict of interest provisions found within the Business Corporations Act of British Columbia. In addition,

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management adopted a set of Corporate Governance policies which incorporated language from these provisions into the Company's Code of Business Conduct and Ethics.

Proposed Transactions

None.

Changes in Accounting Policies

In 2005, the Canadian Institute of Chartered Accountants ("CICA") issued new accounting standards concerning Comprehensive Income, Financial Instruments - Recognition and Measurement and Hedges. The standards require prospective application however, the adoption of this policy had no effect on these financial statements.

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(a) Comprehensive Income

The CICA issued CICA Section 1530 "Comprehensive Income," which became effective for fiscal years beginning on or after October 1, 2006. Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net income to be presented in "other comprehensive income" until it is considered appropriate to recognize into net income. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

(b) Financial Instruments

The CICA issued CICA Section 3855 "Financial Instruments - Recognition and Measurement" and Section 3860 "Financial Instruments - Disclosure and Presentation," which both became effective for fiscal years beginning on or after October 1, 2006. These standards require all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

(c) Hedges

The CICA issued CICA Section 3865 "Hedges," which became effective for fiscal years beginning on or after October 1, 2006. This standard specifies the circumstances which hedge accounting is permissible and how hedge accounting may be performed. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Financial Instruments

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash, cash equivalents and cash exploration funds have been placed with major financial institutions.

Certification of Interim Filing

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

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

Due to the small size of the Company, there is a lack of segregation of duties which is an internal control weakness. Management mitigates this risk through direct involvement of senior management in day to day operations. It is unlikely that this weakness can be properly addressed until the Company grows to a significant size. During the period ended August 31, 2007, there were no changes in the Company's internal control over financial reporting that occurred that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

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Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

As of the Report Date, the Company had 24,965,309 issued common shares outstanding and the following unexercised stock options and warrants:

-Stock Options

Expiry Date	Exercise Price	Number of Shares
December 19, 2007	\$0.686	8,333
February 20, 2008	\$0.686	67,864
March 4, 2008	\$0.686	16,666
May 22, 2008	\$0.686	9,999
October 6, 2008	\$0.600	14,332
March 30, 2009	\$1.021	33,333
August 8, 2009	\$0.944	93,330
October 18, 2009	\$0.858	50,000
January 27, 2010	\$0.858	8,333
March 22, 2010	\$0.987	42,083
May 17, 2010	\$0.729	74,999
April 12, 2011	\$0.848	268,328
July 13, 2011	\$1.020	22,500
October 11, 2011	\$0.750	1,962,500
May 01, 2012	\$0.920	150,000
		2,822,600

-Warrants

Expiry Date	Exercise Price	Number of Shares
December 06, 2007	\$0.950	4,746,450
December 06, 2007	\$0.950	664,503
February 15, 2009	\$0.800	175,000
April 11, 2009	\$0.800	8,750
		5,594,703