



Management's Discussions and Analysis
of the Financial Condition and Results of Operations
For the Twelve Months Ended
December 31, 2007

April 24, 2008

Uranium City Resources Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis has been prepared based on information available to Uranium City Resources Inc. ("UCR" or the "Company") as at April 24, 2008. The MD&A of the operating results and financial condition of the Company for the twelve months ended December 31, 2007, should be read in conjunction with the Company's audited financial statements and the related notes for the twelve months then ended together with its audited financial statements for the period ended December 31, 2006, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING AND CONTROLS

The Financial Statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles and have been approved by the Company's board of directors (the "Board"). The integrity and objectivity of these Financial Statements are the responsibility of management. In addition, management is responsible for ensuring that the information contained in this MD&A is consistent, where appropriate, with the information contained in the Financial Statements.

In support of this responsibility, the Company's management maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. When alternative accounting methods exist, management has chosen those methods it deems most appropriate in the circumstances. The Financial Statements may contain certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis to ensure that the Financial Statements are presented fairly in all material respects.

The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its audit committee. The audit committee is appointed by the Board and has several financial experts who are not involved in the Company's daily operations. The audit committee meets periodically with management and the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the Financial Statements with the external auditors.

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EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109— *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

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Overall Performance

As at December 31, 2007, the Company had assets of \$14.9 million and a net equity position of \$12.0 million. This compares with assets of \$9.3 million and a net equity position of \$7.3 million at December 31, 2006.

Assets increased by approximately \$5.6 million from \$9.3 million at the end of the previous year as a result of the Company's cash position that increased by \$3.6 million to \$5.9 million as described in the subsequent paragraph. Receivables, prepaids and due-from related parties decreased by \$65,000 and advances to contractors decreased by \$915,000. Mineral properties and deferred exploration expenditures increased by \$2.8 million with increases to capital assets of \$259,000 making up the remaining increase.

During the 12 months ended December 31, 2007 (same period in 2006), the Company's unrestricted cash increased by \$3.6 million (2006 – \$111,000) and was a result of cash flow from the financings in the second quarter of 2007 (see *Review of Operations* of this MD&A) net of issue costs of \$6.6 million (2006 - \$4.6 million) bolstered by cash provided from operations of \$547,000 (2006 – used in operations of \$1.2 million) offset by cash used in investing activities of \$3.6 million (2006 - \$3.3 million).

During the fourth quarter of 2007 (fourth quarter of 2006), the Company's unrestricted cash decrease of \$509,000 (2006 – decrease of \$3.3 million) was a result of cash provided from operations of \$624,000 (2006 – cash used for operations of \$1.1 million), cash used in financings activities of \$106,000 (2006 – cash provided from financing activities of \$336,000) and cash used for investing activities of \$1.025 million (2006 - \$2.5 million).

For the twelve months ended December 31, 2007 and 2006, the Company posted losses. Net loss and comprehensive net loss was \$997,000 or 2.2¢ per share, and \$247,000, or 0.7¢ per share, respectively. For the three months ended December 31, 2007, the Company posted income of \$178,000 or 0.0¢ per share (basic and fully diluted), and for the three months ended December 31, 2006, the Company posted income of \$1.4 million, or 3.8¢ per share (basic and fully diluted).

Review of Operations

Recent Developments

On January 17, 2008, the Company announced that it had entered into a joint-venture arrangement with North American Uranium ("NAU") to earn a 50% interest (the "Interest") in NAU's Sheffield-Sops Arm property in north-central Newfoundland. This property consists of 1344 claim blocks covering 33,600 hectares. To earn the Interest, UCR must undertake \$1.4 million in exploration expenditures over a 3-year period. Once the Company has expended the \$1.4 million, the property will be operated as a joint venture with both parties funding at their respective interests. Provisions for dilution exist for either party that does not meet its funding requirements. If either party should be reduced to 10%, or less, that party will revert to a 2% NSR. The parties agree to work towards finalizing a more formal agreement prior to operating as a joint venture.

Financings

During the 12 months ended December 31, 2007, the Company completed a brokered private placement of 1,612,246 units at \$0.49 per unit (a "Unit") and 10,773,583 flow-through units at \$0.53 per unit (a "Flow-through Unit") for total gross proceeds of \$6.5 million. Each Unit and Flow-through Unit consisted of 1 common share of the Company together with 1 share purchase warrant (a "Warrant"). Each Warrant is

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exercisable into 1 common share of the Company until May 25, 2008 for \$1.00 and then \$1.25 from May 26, 2008 until May 25, 2009. In addition, the agent was paid a cash commission equal to 7% of the gross proceeds and was granted 1,114,724 agent units (each an "Agent Unit"). Each Agent Unit is exercisable at a price of \$0.49 until May 25, 2009 and consists of one common share of the Company together with one Warrant. Each Warrant is exercisable into 1 common share of the Company until May 25, 2008 for \$1.00 and then for \$1.25 from May 26, 2008 until May 25, 2009.

The Company also raised proceeds of \$42,000 and \$606,029 with the exercise of 100,000 options and 1,395,973 warrants, respectively.

Operations

UCR was active in its exploration of the properties within its portfolio during fiscal 2007. The following is a summary of the activity conducted on its material properties during the year.

Uranium Projects - Uranium City Mining District, Northern Saskatchewan

During 2007 the majority of drilling activity was concentrated on the East Target where encouraging Uranium values continue to be encountered. During 2007 a total of 43 holes were drilled at the East Target for 6893.3 meters.

Based on drilling done in 2007, it now appears that the uranium mineralization occurs over a strike length of about 1000 meters with a vertical extent of up to 125 meters. These overall dimensions support the future potential for open pit mining activity as was the case for many of the historical mining operations in the Uranium City district.

Engineering consulting firm Watts Griffis McQuat (WGM) recommended that several additional holes be drilled on the East Target to twin known Eldorado drill locations so as to acquire additional data that would confirm mineralization, grades and lithology. These holes were completed in late September 2007 and assay results forwarded to SRC Geolab in Saskatoon. 2008 will see the release of a 43-101 compliant resource estimate on the East Target.

2007 also saw some drilling activity on a portion of property called Quartzite Ridge. A 16-hole drilling program totaling 2844 meters was carried out at this location to test targets such as major faults, quartz vein networks and alteration zones. Assay results were typically low, but the complex, altered and hematized nature of core samples suggested the potential for significant uranium mineralization should not be ruled out.

Application was made in 2007 for drilling permits on the Tazin Lake, Gunnar and West Target properties. Future drilling on the Tazin Lake property will focus on a major east-west trending fault zone that hosts historical uranium showings at its boundaries. Future drilling on the Gunnar property (located in close proximity to the former producing Gunnar Mine) will focus on areas exhibiting anomalous uranium values as determined by rock chip sampling and biogeochemistry studies. Future drilling on the West Target property will focus on those areas where known EM conductors intersect a major east-west fault (Camdeck Fault).

UCR added to its property holdings in 2007 with the acquisition of three claims located near Willson Lake, about 65 kms east of Uranium City. The geology of these claims resemble a granitic intrusion that has been deformed, folded and cut by faults. In fact, this geology bears many similarities to the Rossing Mine in Namibia, a large, low grade, bulk tonnage mine. In late 2007, an airborne geophysical survey was performed

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by MPX Geophysics over these claims. Future work on these claims will include ground check radiometric prospecting, field mapping and rock sampling on prospective target areas delineated by analysis of the airborne survey data.

MPX Geophysics also performed an airborne survey on the Neely Lake and Right Lake claims located north of Uranium City. Future work on these claims will focus on prospective target areas delineated by analysis of the airborne survey data.

Results of Operations

Although the Company has earned interest income, it has not generated any operating revenue. However, the Company was able to generate net income through the recognition of future income tax recoveries in the fourth quarter of 2007. Losses have been incurred throughout the first through third quarters of 2007.

Twelve Months ended December 31, 2007 and 2006:

For the twelve months ended December 31, 2007 and 2006, the Company posted losses of \$1.0 million or 2.2¢ per share, and \$247,000, or 0.7¢ per share, respectively. The 12-month loss was comprised of the following expenditures: Office and general expenses of \$287,000 (2006 – \$265,000), shareholder information, public relations costs and regulatory expenditures \$184,000 (2006 - \$165,000), professional and consulting costs of \$256,000 (2006 - \$266,000), and stock-based compensation expenses of \$886,000 (2006 - \$186,000). These losses were offset by future income tax recoveries of \$671,000 (2006 - \$519,000) and interest income of \$184,000 (2006 - \$116,000).

Three Months ended December 31, 2007 and 2006:

For the three months December 31, 2007, the Company posted a net income of \$178,000 or 0.3¢ per share. For the three months ended December 31, 2006, net income of \$1.4 million or 3.8¢ per share was recorded as a result of a reallocation of previously recorded stock-based compensation expense to warrant values that reduced share capital, in the amount of \$1.3 million. The 3-month activity was comprised of the following expenditures: Office and general expenses of \$76,000 (2006 – \$96,000) and stock-based compensation of \$57,000 (2006 - \$(1.3) million as a result of the reallocation noted above). The loss was further increased with the loss on sale of equipment of \$25,000 (2006 - \$Nil) and write-down of resource projects of \$214,000 (2006 - \$Nil). The losses were offset by interest income of \$73,000 (2006 - \$32,000) and future income tax recoveries of \$475,000 (2006 - \$417,000) and negative shareholder information and public relations costs of \$16,000 and consulting costs of \$65,000 both of which reflect reallocations of prior quarterly costs to the consulting category.

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Summary of Quarterly Results

	4th Quarter 2007	3rd Quarter 2007	2nd Quarter 2007	1st Quarter 2007
Total revenues	72,574	46,669	49,507	14,750
Net (income) loss	(177,512)	188,831	848,097	137,935
Net (income) loss per share - basic ⁽¹⁾	(0.3)¢	0.4¢	2.2¢	0.4¢
Net (income) loss per share - fully diluted ⁽¹⁾	(0.3)¢	0.4¢	2.2¢	0.4¢
Total assets	14,901,728	14,901,252	15,343,404	9,299,795
Long-term debt	-	-	-	-
Shareholders' equity	12,016,268	11,596,752	13,825,236	7,822,550
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢
	4th Quarter 2006	3rd Quarter 2006	2nd Quarter 2006	1st Quarter 2006
Total revenues	32,272	49,889	34,053	-
Net loss	(1,394,615)	1,291,464	256,615	93,083
Net (income) loss per share - basic ⁽¹⁾	(3.8)¢	3.5¢	0.8¢	0.4¢
Net (income) loss per share - fully diluted ⁽¹⁾	(3.8)¢	3.5¢	0.8¢	0.4¢
Total assets	9,294,855	8,833,603	8,767,156	4,503,145
Long-term debt	-	-	-	-
Shareholders' equity	7,325,847	8,117,077	8,062,384	3,707,943
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

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⁽¹⁾In periods of a loss, inclusion of outstanding warrants and options is anti-dilutive.

The change in the Company's net loss of \$188,831 for Q3-2007 versus the net loss of \$848,000 for Q2-2007 was a result of a decrease of \$730,000 in stock-based compensation offset by increases of \$20,000 for public relations and shareholder reporting, an increase of \$70,000 in consulting and professional fees and increases of \$20,000 in office and general expenses. These were offset by increases to future income tax recoveries of \$43,000.

The change in the Company's net loss of \$848,000 for Q2-2007 versus the net loss of \$138,000 for Q1-2007 was mainly the result of higher stock-based compensation costs of \$690,000.

The change in the Company's net loss of \$138,000 for Q1-2007 versus the net income of \$1,395,000 for Q4-2006 was the result of the following: Decreases in office and general costs of \$42,000, consulting and professional fees of \$36,000, management fees of \$132,000 together with a decrease in interest income of \$18,000 offset by increases in stock-based compensation costs of \$1.3 million due to a reallocation of the value of the warrants issued through the offering completed in April 2006, shareholder information, public relations and regulatory expenditures of \$16,000 together with lower future income tax recoveries of \$373,000.

The change in the Company's net income for Q4-2006 versus the net loss of Q3-2006 of \$2.7 million is a result of the following: increases in office and general costs of \$42,000, shareholder information, public relations and regulatory expenditures of \$5,000, consulting and professional fees of \$27,000, management fees of \$292,000 together with a decrease in interest income of \$18,000 offset by a decrease in stock-based compensation costs of \$2.6 million due to a reallocation of \$1.3 million to the value of the warrants issued through the Offering together with higher future income tax recoveries of \$448,000.

UCR's net loss for Q3-2006 versus Q2-2006 is \$1.0 million higher as a result of net increases in expenses for the quarter consisting of the following changes: decreases in office and general costs of \$22,000, public relations costs of \$8,000, consulting and professional fees of \$49,000 plus a further a decrease as a result of reallocating GLR management fees paid to-date to deferred expenditures of \$173,000, shareholder information of \$41,000 offset by increases in stock-based compensation costs of \$1.2 million, lower future income tax recoveries of \$112,000 and greater interest income of \$16,000.

UCR's net loss for Q2-2006 versus Q1-2006 is \$164,000 higher as a result of increased expenses for the quarter consisting of the following changes: increases in office and general costs of \$40,000, consulting and professional fees of \$46,000, shareholder information of \$38,000 and stock-based compensation costs of \$114,000 offset by lower public relations expenses of \$11,000, higher future income tax recoveries of \$28,000 and greater interest income of \$34,000.

The Company's net loss for Q1-2006 versus Q4-2005 is lower as a result of lower expenses for the quarter consisting of the following changes: increases in office and general costs of \$44,000, consulting and professional fees of \$9,900 and lower future income tax recoveries of \$89,000 offset by decreases in public relations and shareholder information costs of \$7,600 and stock-based compensation costs of \$423,000. UCR's net loss for Q4-2005 decreased from Q3-2005 mainly as a result of lower consulting and professional fees (\$76,000), higher future income tax recoveries (\$134,000) offset by higher stock-based compensation costs (\$156,000).

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Liquidity and Capital Resources

The Company's liquidity and solvency are critical information since UCR is not currently generating any income from its mineral properties.

The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. If the Company's exploration programs are successful, additional funds will be required to develop UCR's properties and, if successful, to place them in commercial production. The only sources of future funds available to the Company are further offerings of either debt or equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

During the 12 months ended December 31, 2007

As noted under the ***Review of Operations*** section of this MD&A, the Company completed a brokered financing raising gross proceeds of \$6.5 million.

Transactions with Related Parties

For the twelve months ended December 31, 2007 and 2006, the following transactions involved related parties:

GLR charged management fees totalling \$166,000 (2006 - \$258,000). GLR is the Company's exploration, development and mining operations manager and former majority shareholder. The amounts due to GLR are for management fees bear interest at prime + 5% commencing 10 days after receipt of invoice. Other amounts due to GLR are non-interest bearing and without fixed payment terms.

R.J. Kasner Co. ("RJKC") charged the Company a total of \$96,000 (2006 - \$96,000) in respect of the services of Robert Kasner as President and CEO. Robert Kasner, also a director of the Company, beneficially owns RJKC. This agreement is automatically renewed each January 1 unless notice of termination is provided by one party to the other by September 1 in any year, in which case the agreement terminates on December 31 of that year.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of \$45,000 (2006 - \$51,000) in respect of the services of Stephen Gledhill as Chief Financial Officer of the Company. Stephen Gledhill beneficially owns KCA. The term of this agreement is ongoing with either party able to terminate upon 30 days written notice to the other.

Glen C. Kasner Exploration Service charged the Company a total of \$35,000 (\$2006 - \$141,000) in respect of exploration management services. Glen Kasner is related to an officer and director of the Company. This

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agreement is automatically renewed each January 1 unless notice of termination is provided by one party to the other by September 1 in any year, in which case the agreement terminates on December 31 of that year.

Kasner Contracting, a company owned by a former director of the Company, charged UCR a total of \$66,000 (2006 - \$Nil) in respect of construction of a building for UCR in Uranium City.

1353150 Ontario Limited ("1353150") charged the Company a total of \$21,000 (2006 - \$20,000) in respect of rent for UCR's premises in Kirkland Lake. Robert Kasner, the President and Chief Executive Officer and a director of the Company, beneficially owns 1353150. This lease expires on December 31, 2008.

Critical Accounting Estimates

Use of Estimates

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

Nature of Operations

UCR is an exploration and mining company. Its mineral properties are currently being explored and the Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, as established in accordance with National Instrument 43-101, the ability of UCR to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

The Company tries to maximize its exposure to promising exploration opportunities, to manage the risks inherent in exploration and to make appropriate use of financial management resources.

Going Concern

The financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the "going concern" assumption is not appropriate, then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these financial statements.

Additional Funding Requirements

As discussed, the mineral properties of UCR are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The Company intends to raise such additional funds to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The development of any ore deposits found on the Company's exploration properties depends on the ability of the Company to obtain financing through debt financing, equity financing or other means. If the Company's exploration programs are successful, additional funds will be required to develop the Company's properties and, if successful, to place them in commercial production. The only sources of future

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funds presently available to UCR are the exercise of outstanding stock options, the sale of equity capital of the Company, obtaining debt facilities or the sale by UCR of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that UCR will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of UCR may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

Mineral Properties and Deferred Exploration Costs

The Company defers the costs of exploration and capital assets on existing projects and carries them as assets until production commences. Mineral properties and the deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and related exploration expenditures are written off.

Senior management periodically reviews the carrying value of the mineral properties and deferred exploration expenditures to consider whether there are any conditions that may indicate impairment. Where estimates of future cash flows are available, a reduction in the carrying value is recorded to the extent the net book value of the investment exceeds the estimated future cash flows. Where estimates of the future cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered and provides for impairment, if so indicated.

Financial Instruments, Comprehensive Income (Loss) and Hedges

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855 – "Financial Instruments – Recognition and Measurement", 1530 – "Comprehensive Income" and 3865 – "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. Accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective January 1, 2007.

(a) Financial Instruments – recognition and measurement

CICA 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

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The carrying values of *Cash and cash equivalents*, *GST recoverable*, *Due from related parties*, *Accounts payable and accrued liabilities* and *Due to manager* approximate their fair values due to the relatively short periods to maturity of the instruments.

(b) Comprehensive Income / (Loss)

CICA 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

(c) Hedges

CICA 3865 provides alternative treatments to *CICA 3855* for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 – "Hedging Relationships", and the hedging guidance in *CICA 1650 – Foreign Currency Translation* by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. As at and for the year ended December 31, 2007, the company had no hedges in place.

(d) Impact upon Adoption of CICA 1530, 3855, and 3865

The Company has evaluated the impact of these new standards on its financial statements and determined that no adjustments are currently required.

Future Accounting Changes

Capital Disclosure and Financial Instruments – Disclosure and Presentation.

On December 1, 2006, the CICA issued three new accounting standards: *CICA 1535 – Capital Disclosures*, *CICA 3862 – Financial Instruments – Disclosure* and *CICA 3863 – Financial Instruments – Presentation*. These new standards are effective for interim and annual financial statements for the Company's reporting period beginning January 1, 2008.

CICA 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

CICA 3862 and *CICA 3863* replace *CICA 3861 – Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extend of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

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Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Resources, Reserves and Production

No assurance can be given that the anticipated level of recovery and/or grades of reserves or resources as previously disclosed by UCR will be realised. Moreover, short-term operating factors relating to ore reserves and resources, such as the need for orderly development of an orebody or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period. The effect of these factors could have a material adverse effect on UCR's business and could affect the Company's ability to realise the carrying value of its resource assets. Where estimates of future cash flows are available, a reduction in the carrying value is recorded to the extent that the carrying value exceeds the discounted amount of future cash flows. Where estimates of future cash flows are not available and the events or changes in circumstances suggest impairment, management assesses if the carrying value can be recovered and provides for impairment for any excess of carrying value over estimated fair value.

Financial Instruments and Other Instruments

Fair values

At December 31, 2007 and 2006, the carrying values of the Company's current assets and current liabilities reflected in the balance sheet approximate their fair values due to the relatively short periods to maturity of the instruments.

Derivatives – mineral properties

The Company retains and/or has obligations related to certain interest rights and net smelter royalties, the value of which is derived from future events and commodity prices. The rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

Risks

Credit risk

Cash and cash equivalents include deposits maturing within 90 days of the original date of investment. In order to limit its exposure, the Company deposits its funds with a Canadian major bank. The Company's sole receivable amount (GST recoverable) is not exposed to significant credit risk as it is due from the Canadian government.

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Interest-rate risk

The Company is not exposed to significant interest-rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in government investment certificates.

Currency risk

Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars. UCR has not hedged its exposure to the United States dollar's currency fluctuations.

Exploration and development risk

UCR's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the mining industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and UCR's common shares should be considered speculative.

Financing risk

There can be no assurance that any funding required by the Company will become available, and, if so, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms.

Additional Disclosure for Venture Issuers Without Significant Revenue

Mineral properties and deferred exploration expenditures for the period from January 1, 2007 to December 31, 2007 together with comparative expenditures at December 31, 2006, are detailed by property as follows:

Property	Balance at January 1, 2007 (\$)	Acquisitions / (Dispositions) (\$)	Deferred Exploration Expenditures (\$)	Balance at December 31, 2007 (\$)
Contact Lake	1,438,092	-	36,923	1,475,015
Inspiration Lake	394,323	-	37,591	431,914
Virgin Lake Adit	30,956	-	2,184	33,140
Eagle Lake	65,451	-	1,462	66,913
Fishhook	888,508	-	32,412	920,920
Nicholson	158,684	-	12,354	171,038
Right Lake	7,554	-	44,450	52,004
Eldorado Area	1,651,226	-	1,804,462	3,455,688
Gunnar Area	175,721	-	37,076	212,797
Tazin Lake	105,171	-	12,275	117,446
Mcintosh Bay	49,266	10,000	2,885	62,151
Neely Lake	8,185	-	73,890	82,075
Quartzite Ridge	179,737	-	416,128	595,865

Uranium City Resources Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Goldie	212,592	(213,764)	1,172	-
Wilson Lake	-	4,299	186,577	190,876
Unallocated	(258,176)	-	275,819	17,643
Total	5,107,290	(199,445)	2,977,660	7,885,485

Mineral properties and deferred exploration expenditures from January 1, 2006 to December 31, 2006 are detailed by property as follows:

Property	Balance at January 1, 2006 (\$)	Acquisitions / (Dispositions) (\$)	Deferred Exploration Expenditures (\$)	Balance at December 31, 2006 (\$)
Contact Lake	1,139,916	-	298,176	1,438,092
Inspiration Lake	395,194	-	(871)	394,323
Virgin Lake Adit	31,569	-	(613)	30,956
Eagle Lake	49,055	-	16,396	65,451
Fishhook	454,920	-	433,588	888,508
Nicholson	61,533	-	97,151	158,684
Right Lake	8,428	-	(871)	7,554
Eldorado Area	85,877	-	1,565,349	1,651,226
Gunnar Area	11,013	-	164,708	175,721
Tazin Lake	12,356	-	92,815	105,171
Mcintosh Bay	15,339	7,000	26,927	49,266
Neely Lake	8,610	-	(425)	8,185
Quartzite Ridge	-	-	179,737	179,737
Goldie	-	-	212,592	212,592
Unallocated	-	-	(258,176)	(258,176)
Total	2,273,810	7,000	2,826,480	5,107,290

Disclosure Of Outstanding Share Information

The following table sets forth information concerning the outstanding securities of the Company as at April 24, 2008:

Common Shares of no par value	Number
Shares	50,994,132
Warrants	14,615,277
Options	4,035,000