First Uranium Corporation

NEWS RELEASE – February 15, 2010

FIRST URANIUM REPORTS FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2009

All amounts are in US dollars unless otherwise noted.

The Q3 2010 Management Discussion & Analysis has been appended to this release. For the Q3 2010 Financial Statements, please see the Company's website, www.firsturanium.com under "Investor Centre / Interim Reports".

Toronto and Johannesburg – First Uranium Corporation (TSX:FIU, JSE:FUM) (ISIN:CA33744R1029) ("First Uranium" or "the Company") today announced that for the three-month period ended December 31, 2009 ("**Q3 2010**") the Company recorded a consolidated loss of $14.4 million or $0.09 per share as compared with a consolidated profit of $1.3 million or $0.01 per share in the same quarter of the prior year ("Q3 2009"). The consolidated loss in Q3 2010 was primarily attributable to corporate expenses (comprised of general administrative expenditures, pumping, feasibility and rehabilitation costs, stock-based compensation and amortization) of $8.1 million and a foreign exchange loss of $7.4 million. In Q3 2010, the gross loss at the Ezulwini Mine of $14.2 million was more than offset by the gross profit of $15.1 million at the Mine Waste Solutions tailings recovery operation ("MWS"). The consolidated profit in Q3 2009 was primarily attributable to a $12.6 million foreign exchange gain on translation, which more than offset $5.9 million of corporate expenses and the $1.0 million gross loss from operations.

For the nine-month period ended December 31, 2009 ("**2010 YTD**") the Company recorded a consolidated loss of $66.1 million or $0.40 per share as compared with a consolidated loss of $5.6 million or $0.04 per share in the same period of the prior year ("2009 YTD"). The 2010 YTD consolidated loss was primarily attributable to corporate expenses of $23.7 million and a foreign exchange loss of $21.4 million. The 2010 YTD gross loss at the Ezulwini Mine of $36.7 million was only partially offset by the gross profit of $26.9 million at MWS. The 2009 YTD consolidated loss was primarily attributable to corporate expenses of $20.9 million and interest expenses of $9.6 million, which more than offset a $15.3 million foreign exchange gain on translation and the $8.1 million gross profit from operations.

Gordon Miller, First Uranium's President and Chief Executive Officer commented, "In Q3 2010, the Company's operations continued to improve their production over the same period last year, with record gold production at both MWS and the Ezulwini Mine and the shipment of its first container of uranium bound for conversion. First Uranium, however, faces significant challenges in its need to fund its current and future financial commitments and to secure the environmental authorization for a long-term tailings deposition facility at Mine Waste Solutions.

"To resolve these issues, we are engaged in a process to secure sufficient alternative financing to meet our needs and are actively appealing the decision to withdraw our environmental authorization at MWS. In addition, we have taken significant steps to curtail our costs and financial commitments across the Company and are focused on achieving specific production targets and operating cash flows at both operations."

Summary of Consolidated Financial Results

(in thousands of dollars, except per share amounts)	Q3 2010	Q3 2009	% Change	2010 YTD	2009 YTD	% Change
Revenue	31,979	16,458	94.3%	63,899	33,809	89.0%
Gross profit (loss)	972	(956)	(202%)	(9,705)	8,135	(219%)
Operating loss[(a)]	(5,939)	(6,657)	(10.8%)	(31,196)	(11,579)	169%

Note:

(a) This is a **non-GAAP measurement**. Operating loss is loss before interest income, interest and accretion expenses, fair value loss on derivative liability, foreign exchange gain or loss and income tax charges. See page 3 to the Q3 2010 Financial Statements for more detail.

(in thousands of dollars, except per share amounts)	Q3 2010	Q3 2009	% Change	2010 YTD	2009 YTD	% Change
(Loss) income before income taxes	(15,022)	1,741	(963%)	(62,952)	(4,112)	(1,431%)
Income tax recovery (charge)	590	(460)	228%	(3,185)	(1,508)	(111%)
(Loss) income for the period	(14,432)	1,281	(1,227%)	(66,137)	(5,620)	(1,077%)
Basic and diluted earnings (loss) per common share	(0.09)	0.01	(1,000%)	(0.40)	(0.04)	(925%)

The Company's requirement to raise capital to fund both the Ezulwini Mine's operating losses and the remaining capital expenditure program at MWS became increasingly critical during the latter part of Q3 2010 and into Q4 2010. The Company was actively engaged in exploring additional financing options and in January 2010 management was preparing to recommend one of several well-advanced financing options to the Board for their approval.

This financing project was interrupted by a change in status of the Company's environmental authorization ("EA") for a new Tailings Storage Facility ("TSF") designed to accommodate future tailings deposition capacity requirements at MWS. In October 2009, MWS received a notification from the North West Provincial Government's Department of Agriculture, Conservation, Environment and Rural Development ("NWDACERD") stating its intention to withdraw the EA. Notwithstanding intensive discussions with senior officials and numerous submissions to NWDACERD, as well as securing the withdrawal of most of the appeals, the Company received notice from NWDACERD of the withdrawal of the EA in January 2010.

On February 10, 2010, after extensive and continuing dialogue at the most senior levels of government, the Company received notice that the EA had been reinstated. However, this notice contained conflicting and ambiguous references to tailings sites upon which the approval was supplied and until this is resolved to the Company's satisfaction, it is not in a position to move forward. The Company is continuing discussions with authorities regarding the scope of the EA. If these discussions are not successful and the EA is not reinstated with reference to the correct tailings site, the EA may be of limited or no value to the Company.

The withdrawal of the EA not only caused a delay in the construction of the TSF, it has also disrupted the above-mentioned advanced financing options, and along with the much slower than expected production build-up at the Ezulwini Mine, has severely compromised First Uranium's financial position.

Management estimates that, based on the current revised and restructured mine plans as discussed under the Operations Review and Outlook sections in the MD&A, the additional cash required would be approximately $50 million. The current revised and restructured mine plans are based on the assumption that it will take the Company up to a year to resolve the permitting issue and that the future development projects at MWS will only resume in a year's time, upon resolution of the permitting issue. If, however, in the next three months the permitting issue was to be resolved and the capital projects at MWS were to resume, the additional cash required would be approximately $100 million. These funding requirements do not include any cash outflow relating to the potential $42 million penalty to GW or the repayment of the $22.4 million Facility with Simmer and Jack Mines, Limited ("Simmer & Jack").

The Board of Directors of the Company has formed a Special Committee to review the financial position of the Company and to review and advise the Company on strategic alternatives that may be available. To

this end, the Special Committee and its advisors have been actively engaged in discussions with respect to alternative financing arrangements and is assessing various financing alternatives, however the terms of these alternatives are likely to be more onerous than the previous financing options.

No assurance can be given that any transaction will be consummated within the short time frame required to fund the Company's immediate cash requirements or that the EA will be successfully re-instated. (See also Note 1 to the Q3 2010 Financial Statements.)

During Q3 2010, First Uranium:

- increased its treatment of tailings through the MWS gold plant from Q2 2010 by 43% for a total of 3.5 million tonnes;
- increased gold produced at MWS by 63% from 13,422 ounces in Q2 2010 to 21,891 ounces in Q3 2010 at a Cash Cost (as defined in the notes to the Consolidated Results of Operations table of the Q3 2010 MD&A) of $367 per ounce (Q2 2010: $409);
- increased operating profit at MWS by 149% compared to Q2 2010;
- continued construction of the first two uranium modules and the third gold plant module at MWS;
- increased ore hoisted from the Ezulwini Mine from 98,831 tonnes in Q2 2010 by 11% to 117,164 tonnes in Q3 2010;
- increased the recovered grade of ore from the Ezulwini Mine from an average grade of 2.51 grams of gold per tonne in Q2 2010 to an average recovered grade of 2.80 grams of gold per tonne in Q3 2010;
- increased production of gold from the Ezulwini Mine by 34% from Q2 2010 to 10,685 ounces of gold;
- increased the workable face length for the Upper Elsburg ("UE") gold-only ore body by 123% from Q2 2010 to 1,672 metres at a blasted face grade of 7.42 grams per tonne;
- increased the workable face length for the Middle Elsburg ("ME") gold and uranium ore body by 36% from Q2 2010 to 1,024 metres with a blasted face gold grade of 3.20 grams per tonne and a uranium grade of 0.557 grams per tonne;
- calcined the first batch of ammonium diuranate ("yellowcake") from the Ezulwini Mine at a third-party calciner producing 23,760 pounds of uranium;
- submitted a response to the Member of the Executive Council regarding a notification received by MWS on October 18, 2009 from NWDACERD stating its intention to withdraw the EA to construct the TSF at MWS;
- signed a second definitive agreement with Gold Wheaton (Barbados) Corporation ("GW"), whereby GW purchased 7 percent of the estimated 5.2 million ounces of the life-of-mine gold production from the Ezulwini Mine ("the Ezulwini Gold Stream Transaction") for a $50 million upfront payment and, upon each gold delivery, an ongoing payment equal to the lesser of $400 per ounce and the prevailing spot price (subject to an annual inflation adjustment of 1 percent, starting in the fourth year after the closing payment); and
- closed the Ezulwini Gold Stream Transaction and received the $50 million upfront payment from GW on December 8, 2009.

Subsequent to Q3 2010, First Uranium:

- received notice from the NWDACERD on January 18, 2010 of their decision to withdraw the Company's EA for the TSF at MWS;
- learned that the EA was reinstated on February 10, 2010, however the decision contained conflicting and ambiguous references to tailings sites which do not form part of the planned project at MWS;
- formed a Special Committee of the Board of Directors to review the financial position of the Company and review strategic alternatives;
- implemented a revised business plan to conserve cash resources as the EA remains unsettled and financing alternatives are being considered;
- commenced project restructuring at MWS and revised the Ezulwini Mine Plan; and
- shipped its first container of 23,760 pounds of uranium to an overseas converter on February 10, 2010.

Financial Results Conference Call

First Uranium will conduct a conference call with investors to discuss the information in this news release at 9 a.m. local Toronto time and 4:00 p.m. local Johannesburg time on Wednesday, February 17, 2010. The conference call will be available simultaneously to all interested analysts, investors and media.

Callers may dial 1 800 319-4610 (Canada and the US) or 0800 981 705 (South Africa). Callers from other international locations may call +1 604 638-5340. The call will be webcast at http://services.choruscall.com/links/firsturanium100216.html and available for replay shortly after the call for 90 days.

A telephone replay of the conference call will be available for 30 days. To access the replay, callers may dial 1 800 319-6413 (Canada and the US). Callers from other international locations may access the replay by dialing +1 604 638-9010 (Canada). Access to the replay will require the code 2128, followed by #.

Cautionary Language Regarding Forward-Looking Information

This news release contains and refers to forward-looking information based on current expectations. All other statements other than statements of historical fact included in this release including, without limitation, statements regarding production and development plans and future plans and objectives of First Uranium are forward-looking statements (or forward-looking information) that involve various risks and uncertainties. These forward-looking statements are made as of the date hereof and there can be no assurance that such statements will prove to be accurate, such statements are subject to significant risks and uncertainties, and actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements that are included herein, except in accordance with applicable securities laws.

Important factors could cause actual results to differ materially from First Uranium's expectations. Such factors include, among others: the availability of capital; the timing and amount of estimated future production and the costs thereof; the failure of plant, equipment or processes to operate as anticipated; accidents; labour disputes; delays in obtaining governmental approvals, as well as those factors discussed under "Risk Factors" in First Uranium's Annual Information Form dated June 29, 2009 as filed with securities regulatory authorities in Canada. Although First Uranium has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended.

About First Uranium Corporation

First Uranium Corporation (TSX:FIU, JSE:FUM) is focused on its goal of becoming a significant low-cost producer of uranium and gold through the expansion of the underground development to feed the new uranium and gold plants at the Ezulwini Mine and through the expansion of the plant capacity of the Mine Waste Solutions tailings recovery facility, both operations situated in South Africa.

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FIRST URANIUM CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the financial results
for the three and nine months ended
December 31, 2009

Management's discussion and analysis of the unaudited consolidated financial condition and results of operations for the three and nine months ended December 31, 2009

This Management's Discussion and Analysis ("MD&A") of the consolidated financial position and results of operations reviews the activities, unaudited consolidated results of operations and financial condition of First Uranium Corporation and its subsidiaries ("First Uranium" or the "Corporation") as at and for the three and nine months ended December 31, 2009, together with certain trends and factors that are expected to have an impact in the future. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period	Abbreviation	Period
FY 2009	April 1, 2008 to March 31, 2009	Q1 2010	April 1, 2009 to June 30, 2009
FY 2010	April 1, 2009 to March 31, 2010	Q2 2010	July 1, 2009 to September 30, 2009
FY 2011	April 1, 2010 to March 31, 2011	Q3 2010	October 1, 2009 to December 31, 2009
FY 2012	April 1, 2011 to March 31, 2012	Q4 2010	January 1, 2010 to March 31, 2010
FY 2013	April 1, 2012 to March 31, 2013	2009 YTD	April 1, 2008 to December 31, 2008
Q3 2009	October 1, 2008 to December 31, 2008	2010 YTD	April 1, 2009 to December 31, 2009

This MD&A is intended to supplement and complement the unaudited consolidated financial statements and notes thereto for the three and nine months ended December 31, 2009 and December 31, 2008 (collectively the "Financial Statements") which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The MD&A should be read in conjunction with the Financial Statements and First Uranium's audited consolidated financial statements for the fiscal year ended March 31, 2009 ("FY 2009") and the notes thereto and the related management's discussion and analysis. Information contained in this MD&A is current as at February 15, 2010, unless otherwise indicated.

The reporting currency for the Corporation is the US dollar, and all amounts in the following discussion are in US dollars ("$"), except where otherwise indicated.

This MD&A includes certain forward-looking statements. Please read the cautionary note at the end of this document.

Financial Condition

The Corporation's financial condition has been severely impacted by the following recent events.

The Ezulwini Mine became fully operational early in calendar year 2009. As the year progressed, it became apparent that the mine was not building up gold and uranium production from underground nearly as fast as planned. The Corporation's requirement to raise capital to fund both the Ezulwini Mine's operating losses and the remaining capital expenditure program at Mine Waste Solutions ("MWS") became increasingly critical during the latter part of Q3 2010 and into Q4 2010. The Corporation was actively engaged in exploring additional financing options and in January 2010 management was preparing to recommend one of several well-advanced financing options to the Board for their approval.

This financing project was interrupted by a change in status of the Corporation's environmental authorization ("EA") for a new Tailings Storage Facility ("TSF") designed to accommodate future tailings deposition capacity requirements at MWS. In October 2009, MWS received a notification from the North West Provincial Government's Department of Agriculture, Conservation, Environment and Rural Development ("NWDACERD") stating its intention to withdraw the EA. Notwithstanding intensive discussions with senior officials and numerous submissions to NWDACERD, as well as securing the withdrawal of most of the appeals, the Corporation received notice from NWDACERD of the withdrawal of the EA in January 2010.

On February 10, 2010, after extensive and continuing dialogue at the most senior levels of government, the Corporation received notice that the EA had been reinstated. This notice contained conflicting and

ambiguous references to tailings sites upon which the approval was supplied and until this is resolved to the Corporation's satisfaction, it is not in a position to move forward. The Corporation is continuing discussions with authorities regarding the scope of the EA. If these discussions are not successful and the EA is not reinstated with reference to the correct tailings site, the EA may be of limited or no value to the Corporation.

The withdrawal of the EA not only caused a delay in the construction of the TSF, it has also disrupted the above-mentioned advanced financing options, and along with the much slower than expected production build-up at the Ezulwini Mine, has severely compromised First Uranium's financial position.

Management estimates that, based on the current revised and restructured mine plans as discussed under the Operations Review and Outlook sections of this MD&A, the additional cash required would be approximately $50 million. The current revised and restructured mine plans are based on the assumption that it will take the Corporation up to a year to resolve the permitting issue and that the future development projects at MWS will only resume in a year's time, upon resolution of the permitting issue. If, however, in the next three months the permitting issue was to be resolved and the capital projects at MWS were to resume, the additional cash required would be approximately $100 million. These funding requirements do not include any cash outflow relating to the potential $42 million penalty to GW or the repayment of the $22.4 million Facility with Simmer and Jack Mines, Limited ("Simmer & Jack") (see Commitments and Contingencies section to this MD&A).

The Board of Directors of the Corporation has formed a Special Committee to review the financial position of the Corporation and to review and advise the Corporation on strategic alternatives that may be available. To this end, the Special Committee and its advisors have been actively engaged in discussions with respect to alternative financing arrangements and is assessing various financing alternatives, however the terms of these alternatives are likely to be more onerous than the previous financing options.

No assurance can be given that any transaction will be consummated within the short time frame required to fund the Corporation's immediate cash requirements or that the EA will be successfully re-instated. (See also Note 1 to the Financial Statements.)

Business Overview

The Corporation's common shares (TSX:FIU, JSE:FUM) and convertible debentures are listed on the Toronto Stock Exchange (the "TSX"). The common shares are also listed on the Johannesburg Stock Exchange (the "JSE"). As of February 15, 2010, Simmer & Jack, a South African incorporated public company listed on the JSE, owned 37.2% of the common shares of First Uranium.

First Uranium Corporation has been focused on becoming a significant, low-cost producer of uranium and gold through the expansion of the underground development to feed the new uranium and gold plants at the Ezulwini Mine and through the expansion of the plant capacity of the MWS. Both the Ezulwini Mine and MWS are located in South Africa.

Recent activities have focused on:

- optimizing capital and operational requirements with the cash resources available;
- advancing several financing options, which were subsequently interrupted by the notice of the NWDACERD to withdraw the EA for the TSF at MWS;
- developing active face length in the underground workings of the Ezulwini Mine and increasing volumes hoisted from the mine;
- optimizing the uranium plant at the Ezulwini Mine;
- completion of commissioning of the second gold plant module at MWS;
- constructing the first two uranium plant modules at MWS; and
- construction of the third gold plant module at MWS.

The withdrawal of the EA by NWDACERD subsequent to Q3 2010 has not only delayed construction of the TSF, it has also disrupted certain financing opportunities. The Corporation is presently continuing discussions regarding the EA with NWDACERD, reviewing strategic alternatives, and evaluating alternative financing opportunities.

Notwithstanding progress at its operations discussed below, the continuing discussions regarding the EA and the continuing financing discussions, the Corporation has revised the Ezulwini Mine plan and the production schedule at MWS and also curtailed future development expenditures, particularly at MWS as part of a company-wide program to conserve capital.

Highlights

During Q3 2010, First Uranium:

- increased its treatment of tailings through the MWS gold plant from Q2 2010 by 43% for a total of 3.5 million tonnes;
- increased gold produced at MWS by 63% from 13,422 ounces in Q2 2010 to 21,891 ounces in Q3 2010 at a Cash Cost (as defined in the notes to the Consolidated Results of Operations table on page 11 of this MD&A) of $367 per ounce (Q2 2010: $409);
- increased operating profit at MWS by 149% compared to Q2 2010;
- continued construction of the first two uranium modules and the third gold plant module at MWS;
- increased ore hoisted from the Ezulwini Mine from 98,831 tonnes in Q2 2010 by 11% to 117,164 tonnes in Q3 2010;
- increased the recovered grade of ore from the Ezulwini Mine from an average grade of 2.51 grams of gold per tonne in Q2 2010 to an average recovered grade of 2.80 grams of gold per tonne in Q3 2010;
- increased production of gold from the Ezulwini Mine by 34% from Q2 2010 to 10,685 ounces of gold;
- increased the workable face length for the Upper Elsburg ("UE") gold-only ore body by 123% from Q2 2010 to 1,672 metres at a blasted face grade of 7.42 grams per tonne;
- increased the workable face length for the Middle Elsburg ("ME") gold and uranium ore body by 36% from Q2 2010 to 1,024 metres with a blasted face gold grade of 3.20 grams per tonne and a uranium grade of 0.557 grams per tonne;
- calcined the first batch of ammonium diuranate ("yellowcake") from the Ezulwini Mine at a third-party calciner producing 23,760 pounds of uranium;
- submitted a response to the Member of the Executive Council (the "MEC") regarding a notification received by MWS on October 18, 2009 from NWDACERD stating its intention to withdraw the EA to construct the TSF at MWS;
- signed a second definitive agreement with Gold Wheaton (Barbados) Corporation ("GW"), whereby GW purchased 7 percent of the estimated 5.2 million ounces of the life-of-mine gold production from the Ezulwini Mine ("the Ezulwini Gold Stream Transaction") for a $50 million upfront payment and, upon each gold delivery, an ongoing payment equal to the lesser of $400 per ounce and the prevailing spot price (subject to an annual inflation adjustment of 1 percent, starting in the fourth year after the closing payment); and
- closed the Ezulwini Gold Stream Transaction and received the $50 million upfront payment from GW on December 8, 2009.

Pursuant to the Ezulwini Gold Stream Transaction, the Ezulwini Mine is obliged to deliver a guaranteed minimum of 16,500 ounces in calendar 2010 and 19,500 ounces in calendar 2011 (the "2010 and 2011 Guaranteed Ounces"). Thereafter, the average annual unguaranteed delivery is estimated to be approximately 19,000 ounces.

Subsequent to Q3 2010, First Uranium:

- received notice from the NWDACERD on January 18, 2010 of their decision to withdraw the Corporation's EA for the TSF at MWS;
- learned that the EA was reinstated on February 10, 2010, however this decision contained conflicting and ambiguous references to tailings sites which do not form part of the planned project at MWS;
- formed a Special Committee of the Board of Directors to review the financial position of the Corporation and review strategic alternatives;
- implemented a revised business plan to conserve cash resources as the EA remains unsettled and financing alternatives are being considered;
- commenced project restructuring at MWS and revised the Ezulwini Mine Plan; and
- shipped its first container of 23,760 pounds of uranium to an overseas converter on February 10, 2010.

Summary of Quarterly Results

The table below sets out selected financial data for the periods indicated (as derived from First Uranium's consolidated financial statements):

Fiscal Quarters Ended (thousands of dollars, except per share amounts)	Revenue	(Loss) income for the three months	Basic & diluted (loss) earnings per share	Total assets	Long-term liabilities
December 31, 2009	**31,979**	**(14,432)**	**(0.09)**	**695,581**	**(264,446)**
September 30, 2009	19,025	(18,441)	(0.11)	658,989	(252,591)
June 30, 2009	12,895	(33,264)	(0.22)	640,672	(245,800)
March 31, 2009	13,787	(10,722)	(0.08)	566,472	(239,162)
December 31, 2008	16,458	1,281	0.01	439,721	(159,396)
September 30, 2008	10,546	(1,106)	(0.01)	395,188	(132,817)
June 30, 2008	6,805	(5,795)	(0.04)	394,416	(131,741)
March 31, 2008	6,360	(26,871)	(0.21)	387,742	(130,430)

Operations Overview

Ezulwini Mine

The Ezulwini Mine has yet to build up sufficient production to generate positive operating cash flow. As a result of the mine's focus over the past two quarters on underground mine development to accelerate the amount of ore being fed to the gold and uranium plants, the development plan is back on schedule. Nonetheless, production build-up is progressing much slower than originally anticipated due to the challenges of training and building up the efficiency of the mining crews. The mine production forecast has been revised and reduced to take into account the actual mine efficiencies achieved to date. See the Outlook section of this MD&A for detail of the revised plan.

The tables below demonstrate the progress in the development of the mine's two ore bodies over the last three quarters:

UE gold only ore body	Q1 2010	Q2 2010	Q3 2010
Cumulative metres of workable face length	369	605	1,672
% increase quarter over quarter		64%	123%
Blasted face grade – gold (g/t)	4.66	7.79	7.42

ME gold and uranium ore body	Q1 2010	Q2 2010	Q3 2010
Cumulative metres of workable face length	408	754	1,024
% increase quarter over quarter		85%	36%
Blasted face grade – gold (g/t)	2.95	3.13	3.20
Blasted face grade – uranium (g/t)	480	439	557

Notes:
1. The face-length build-up is a metric to indicate the content of gold and uranium produced for a horizontal metre of blasted face length.

During the quarter, the mine also continued to optimize its uranium output resulting in increased production of yellowcake by 32% from Q2 2010 to 14,537 pounds in Q3 2010. The mine also calcined its first batch of yellowcake through a third-party calciner producing 23,760 pounds of uranium in December 2009. This first container of uranium was shipped to overseas converters on February 10, 2010. The uranium will be sold once it reaches the overseas converters. Including the time required for shipping and converting uranium, the recognition of revenue from sales of uranium is expected on average to lag production by three months.

Mine Waste Solutions

During Q3 2010, MWS completed the commissioning of the second gold plant module which resulted in tonnage throughput increasing by 43% from Q2 2010. Gold production during the quarter increased by 26% from Q2 2010. This was less than forecasted in the Corporation's Production Update released on October 8, 2009, as the grade reconciliation of the Buffelsfontein No.4 tailings dam was slightly below expectations and operations were interrupted by heavy rain storms during the quarter.

MWS continued construction of the first two uranium plant modules and the third gold plant module during Q3 2010. The construction of the third gold plant module was progressing ahead of schedule and scheduled for completion in May 2010, however, the Corporation has now suspended construction of the third gold plant module due to the withdrawal of the EA for the TSF which triggered the need for a company-wide program to conserve capital and contributed to compromising the financial situation of the Corporation. As a result of this decision and the subsequent actions to reduce the Corporation's capital commitments related to the third gold plant module, First Uranium no longer expects to complete this plant by June 1, 2010 (the Construction Completion date pursuant to the MWS Gold Stream Transaction – see also Commitments and Contingencies section in this MD&A).

Construction of the first two uranium plant modules is expected to be concluded by the end of February 2010, at which time commissioning of only one of the two uranium plant modules will commence. The uranium plant is expected to commence production of yellowcake during the second half of calendar year 2010.

Production at MWS will be scaled back from the currently operating two gold plant modules to one at the end of February 2010. The reduced production will enable the Corporation to maximize the availability of its current deposition capacity until the permitting issue has been resolved, but will also result in lower revenues and will increase the amount of financing required by the Corporation.

Under the revised construction schedule the MWS No. 5 tailings dam (the tailings deposition facility utilized currently) will provide sufficient tailings deposition capacity for one gold plant module until the end of December 2011. Subject to re-instatement of the EA for the TSF and the receipt of additional capital in the near term, the project would be able to continue along its originally planned production of 35,000 ounces per quarter.

Permitting at Mine Waste Solutions

In July 2009, a new order mining right for MWS was approved by the Department of Mineral Resources (the "DMR"). The execution of the mining license is subject to certain conditions which MWS is in the process of satisfying including providing financial assurance for rehabilitation liabilities to the satisfaction of the DMR.

The expansion of the MWS operations and the future realization of the MWS assets is dependent on the addition of a new life-of-mine TSF. The TSF is designed to store all of the future tailings depositions for the remaining life of the operation. The TSF is also important to ensure the significant economic benefit for the region that is expected to stem from MWS and the continued employment at the construction site and operations of MWS.

The TSF has been designed to significantly reduce the environmental impact of mining in the area and to improve the site's visual appeal as the TSF is planned to have:

- a more environmentally benign impact than the existing tailings sites as a significant amount of certain metals and minerals present in the existing tailings, such as uranium, pyrite and sulphur are to be removed during re-processing of these tailings;
- reduced risk of erosion as the side slopes will be built at a flatter gradient and continuously vegetated as the facility is built;
- contours that will be more rounded to blend with the surrounding natural landscape;
- systems that will recycle and re-use the water used to transport the tailings to the new site; and
- been built on impermeable soils, unlike the porous dolomites which host much of the historical tailings.

The older tailings deposits are to be rehabilitated once the tailings from each such deposit are reprocessed.

MWS received the EA to construct the TSF from the NWDACERD in July 2009 on property that is owned by MWS and located to the south-east of the town of Stilfontein. After the EA was received, three appeals were lodged with the offices of the MEC for the Northwest Province. In reaction to the appeals, the MEC subsequently advised MWS that the EA was being suspended pending the outcome of the appeal process governed by the National Environmental Management Act ("NEMA"). In October 2009, the NWDACERD notified MWS that it intended to withdraw the EA. MWS submitted its response to the appeals on November 5, 2009 to NWDACERD. In December 2009, the Corporation secured the withdrawals of two of three previously filed third-party appeals and was advised that the third appeal would also be withdrawn. On January 18, 2010, MWS received notice from the NWDACERD of its withdrawal of the EA.

Subsequent to the withdrawal, the Corporation and its representatives have been engaged in intensive discussions at the most senior levels with officials of the North West Provincial government, including the Premier. The EA withdrawal has seriously compromised the Corporation's financial efforts, and, along with the much slower cash generation from the Ezulwini Mine, required the Corporation to dramatically revise its planned construction completion and production plans over the next several quarters and has severely impacted the Corporation's financial condition.

On February 10, 2010, after extensive and continuing dialogue at the most senior levels of government, the Corporation received notice that the EA had been reinstated. This notice contained conflicting and ambiguous references to tailings sites upon which the approval was supplied and until this is resolved to the Corporation's satisfaction, it is not in a position to move forward. The Corporation is continuing discussions with authorities regarding the scope of the EA. If these discussions are not successful and the EA is not reinstated with reference to the correct tailings site, the EA may be of limited or no value to the Corporation.

Market Overview

During the latter half of the 2009 calendar year, the financial markets improved, as demonstrated by the easing of credit risk spreads, lower levels of volatility in many markets and some improvement in investor confidence. While access to equity was selectively available, other forms of capital, including debt financing on acceptable terms remained difficult to obtain.

In the current business environment the profitability and liquidity of many businesses in North America has been severely tested. Most industries, including the gold and uranium mining businesses, are still impacted by weak economic conditions, uncertain demand and pricing, volatile financial markets, and a much diminished supply of capital.

The withdrawal of the EA for the TSF at MWS and of the market conditions described above has had a significant impact on First Uranium's business, particularly with regard to the cost and availability of capital and other sources of liquidity.

Gold and uranium prices

During Q3 2010, the gold price traded in a range of $1,003.50 to $1,212.50 per ounce, closing at $1,087.50 and averaging $1,100.74, 15% higher than the previous quarter and 38% higher than the prior year average. As of February 15, 2010, the gold spot price was $1,098.25 per ounce.

The price of gold has historically been a natural hedge against inflation and has had an inverse correlation to the value of the US dollar. Therefore, higher inflation and/or a depreciating US dollar could be positive for the price of gold. The increase in the gold price compared to the prior year is a reflection of the impact of lower interest rates, significant uncertainty in the global credit and financial markets, currency movements and, particularly in Europe and the US, changes in monetary policies in response to the world economic crisis.

Management believes that the world's gold production will continue to decline. Obtaining permits for new mines is a primary deterrent to starting up new gold mines, but new projects are also becoming more difficult to find, are facing increasing public scrutiny, need to be bigger to be economically viable and are subject to inflationary pressures on capital and operating costs. In South Africa, the rise of the South African Rand ("ZAR") relative to the US dollar, as well as recent increases in labour and power costs, have squeezed operating margins and led to the curtailment of marginal operations. These factors have been exacerbated by the much more restrictive financing conditions worldwide, constraining the ability of mining companies to finance projects. In addition, there has been a lack of global exploration success in recent years and few new promising regions for gold exploration and production. A decrease in global industry production heightens the potential increases in the sustainable long-term gold price.

According to an industry source, The Ux Consulting Company, LLC ("UxC"), the spot price per pound for uranium ranged between $43.0 and $49.5 during Q3 2010 and the term price, that at which most supply contracts are completed, started the quarter at $64 per pound and ended the quarter at $62 per pound. As of February 15, 2010, the uranium spot price per pound was $42.50 and the term price was $62.

In the current environment, the uranium spot price has been variable within this range, with demand increasing as the price falls and diminishing as the price rises. While this pattern is expected to continue for the remainder of FY 2010, the range of this volatility has narrowed considerably to the low $40 range.

Demand for uranium as a clean source of base-load power is expected to grow over the next 20 years in excess of four percent, perhaps even stronger around the end of the next decade. Many countries are making announcements about building new nuclear power plants, none more aggressively than China.

The US is recommending a tripling of its existing loan guarantee program in its proposed budget for its 2011 fiscal year, which the country's Energy Secretary has indicated could support construction of seven to ten new nuclear power plants. The renaissance of nuclear power will, however, have to overcome the major challenges of the economics of building nuclear power plants and the waste disposal issue. For instance, in the US, funding for Yucca Mountain was recently cut, formalizing the end of this US nuclear waste storage project.

Currency exchange rates

In Q3 2010, both the Canadian dollar ("Cdn$") and the ZAR experienced significant exchange rate swings relative to the US dollar as a result of uncertainty in global markets highlighted by fluctuations in commodity prices.

During Q3 2010, in US dollar terms the ZAR traded in a range of 0.13 – 0.14, averaging 0.13 (remaining constant with the previous quarter) and closed at 0.13. Relative to US dollar, the Cdn$ traded in a range of 0.92 – 0.97, averaging 0.95 (4% stronger than the previous quarter) and closed stronger at 0.96.

During Q3 2010, in Cdn$ terms the ZAR traded consistently at an average of 0.14, illustrating that the Cdn$ maintained its position against the ZAR compared to the previous quarter.

At December 31, 2009, First Uranium held 84% of its cash in ZAR, 14% in Cdn$ and the balance in US dollars. The Corporation currently holds its funds in cash and bank-sponsored guaranteed investment certificates with Canadian and South African banks. As a substantial portion of the cash will be utilized in ZAR to fund the outstanding commitments relating to the capital program at MWS, the movement in the relative values of the currencies continues to have a significant impact on the funding available to finance capital projects and operations. To minimize the impact of currency fluctuations management converted most of its US dollar funds to ZAR by the end of December.

Historically the ZAR had a strong inverse correlation to the US dollar, which meant that when the US dollar weakened, the ZAR strengthened, as did the gold price. The 2008 worldwide economic downturn and US government-sponsored bailouts in 2009, have driven investors to seek countries with proven track records and conservative fiscal policies. Due to sound fiscal and monetary policies and high interest rates, South Africa is attracting the interest of currency traders. This resulted in the overall strengthening of the ZAR against the US dollar during the first nine months of the 2009 calendar year, with only modest gains in the ZAR gold price. During the fourth quarter of the 2009 calendar year, however, the ZAR started to show some weakening against the US dollar, along with a steady increase in the gold price. Continuation of these trends could have a positive impact on the Corporation's revenues.

Swings in the value of the US dollar also continued to have an impact on the ZAR and Cdn$ denominated costs and on assets and liabilities reported in US dollar terms, resulting in the significant foreign exchange movements in the Corporation's financial results. In Q3 2010, currency movements produced a loss, primarily unrealized, reflecting the impact of the weakening US dollar relative to the Cdn$ and ZAR.

Inflation

The Corporation's operations are subject to inflation. Over the past twelve months there has been a steady decline in the South Africa inflation rate from an average annual high inflation rate of 12% at the end of calendar year 2008 to consumer price index of 6% in calendar year 2009. The rise in construction costs in South Africa witnessed in 2008 and early 2009, began to ease during the latter half of the year. As a result, First Uranium has been able to negotiate lower costs for some of the services and materials ordered to build new gold and uranium plants at MWS during that time period.

Consolidated Results of Operations

Production Summary	Q3 2010	Q3 2009	% Change	2010 YTD	2009 YTD	% Change
Ezulwini Mine						
Tonnes hoisted	**117,164**	30,892	279%	**280,960**	97,595	188%
Tonnes milled	**108,503**	80,079	35.5%	**295,570**	124,093	138%
Ounces of gold produced	**10,685**	6,568	62.7%	**22,428**	6,568	242%
Ounces of gold sold	**8,213**	6,411	28.1%	**18,639**	6,411	191%
Average gold selling price per ounce ($)	**1,078**	922	16.9%	**1,035**	922	12.3%
Average gold cost per ounce reclaimed ($)	**2,803**	1,880	49.1%	**3,001**	1,880	59.6%
Average Cash Cost per ounce of gold reclaimed ($)[a]	**2,649**	1,880	40.9%	**2,826**	1,880	50.3%
Pounds of yellowcake produced	**14,537**	–	100%	**27,634**	–	100%
Pounds of U_3O_8 produced	**23,760**	–	100%	**23,760**	–	100%
MWS						
Tonnes reclaimed (000s)	**3,528**	1,798	96.2%	**7,839**	5,302	47.8%
Average gold recovery grade (grams/tonne)	**0.19**	0.21	(9.5)%	**0.19**	0.19	–
Ounces of gold reclaimed	**21,891**	12,235	82.4%	**46,320**	32,586	43.5%
Ounces of gold sold	**21,099**	12,581	67.7%	**43,514**	32,440	34.1%
Average gold selling price per ounce ($)	**1,096**	838	30.8%	**1,025**	860	19.2%
Average gold cost per ounce reclaimed ($)	**(378)**	(428)	(11.7%)	**(406)**	(421)	(3.6%)
Average Cash Cost per ounce of gold reclaimed ($)[a]	**(367)**	(368)	–	**(388)**	(385)	–

Summary of Consolidated Financial Results
(in thousands of dollars, except per share amounts)

Revenue	**31,979**	**16,458**	**94.3%**	**63,899**	**33,809**	**89.0%**
Ezulwini Mine	**8,854**	5,910	49.8%	**19,289**	5,910	226%
MWS	**23,125**	10,548	119%	**44,610**	27,899	59.9%
Cost of sales (excluding amortization)	**(29,504)**	**(16,629)**	**77.4%**	**(69,540)**	**(24,501)**	**184%**
Ezulwini Mine	**(21,754)**	(12,054)	80.5%	**(52,672)**	(12,054)	337%
MWS	**(7,750)**	(4,575)	69.4%	**(16,868)**	(12,447)	35.5%
Amortization	**(1,503)**	**(785)**	**91.5%**	**(4,064)**	**(1,173)**	**247%**
Ezulwini Mine	**(1,268)**	–	100%	**(3,267)**	–	100%
MWS	**(235)**	(785)	(70.1%)	**(797)**	(1,173)	(32.1%)
Gross profit (loss)	**972**	**(956)**	**(202%)**	**(9,705)**	**8,135**	**(219%)**
Ezulwini Mine	**(14,168)**	(6,144)	(131%)	**(36,650)**	(6,144)	(497%)
MWS	**15,140**	5,188	192%	**26,945**	14,279	88.7%
Other income	**1,146**	196	485%	**2,169**	1,196	81.4%
Other expenditures[b]	**(8,057)**	(5,897)	36.6%	**(23,660)**	(20,910)	13.2%
Operating loss[c]	**(5,939)**	**(6,657)**	**(10.8%)**	**(31,196)**	**(11,579)**	**169%**
Investment income	**582**	125	366%	**1,526**	3,130	(51.2%)
Interest and accretion expenditures	**(4,090)**	(3,694)	10.7%	**(11,470)**	(9,631)	19.1%
Fair value gain (loss) on derivative liabilities	**2,299**	(286)	904%	**1,119**	(286)	491%
Accretion expense on asset retirement obligations	**(522)**	(325)	60.6%	**(1,535)**	(1,087)	41.2%
Foreign exchange gain (loss)	**(7,352)**	12,578	(158%)	**(21,396)**	15,341	(240%)
Income (loss) before income taxes	**(15,022)**	**1,741**	**(963%)**	**(62,952)**	**(4,112)**	**(1,431%)**
Income tax recovery (charge)	**590**	(460)	228%	**(3,185)**	(1,508)	(111%)
Income (loss) for the period	**(14,432)**	**1,281**	**(1,227%)**	**(66,137)**	**(5,620)**	**(1,077%)**
Basic and diluted earnings (loss) per common share	**(0.09)**	0.01	(1,000%)	**(0.40)**	(0.04)	(925%)

Notes:

(a) "Cash Costs" are costs directly related to the physical activities of producing gold and uranium and include mining, processing and other plant costs; third-party refining and smelting costs; marketing expense, on-site general and administrative costs; royalties; on-mine drilling expenditures that are related to production and other direct costs. Sales of by-product metals are deducted from the above in computing cash costs. Cash costs exclude depreciation, depletion and amortization, corporate general and administrative expense, exploration, interest, and pre-feasibility costs and accruals for mine reclamation. Cash costs are calculated and presented using the "Gold Institute Production Cost Standard" applied consistently for all periods presented. The Gold Institute was a non-profit industry association comprised of leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and revised in November 1999. Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are advised to read all GAAP accounting disclosures presented in the Corporation's audited consolidated financial statements for FY 2009 and accompanying footnotes thereto.

(b) Other expenditures include general, consulting and administrative expenditures, pumping feasibility and rehabilitation costs, stock-based compensation and non-production related amortization. See page 3 to the Financial Statements for detail.

(c) This is a **non-GAAP measurement**. Operating loss is loss before interest income, interest and accretion expenses, fair value loss on derivative liability, foreign exchange gain or loss and income tax charges. See page 3 to the Financial Statements for more detail.

Financial Review

At the Ezulwini Mine, gold production for Q3 2010 increased by 53% compared to Q3 2009 and by 26% compared to Q2 2010. The Ezulwini Mine's gold plant was deemed to be in commercial production as of Q3 2009 and as indicated by the increase in production year-over-year and quarter-over-quarter, the mine is steadily increasing output, although the build-up is much slower than anticipated. While revenues are increasing, the cost of production remains high due to the fact that the mine is still in its development stage and currently operates at considerably less than capacity. The substantial loss in the reporting periods was as a result of the mine's fixed operating costs being spread over the limited early-stage production. It is anticipated that the high unit costs will decrease and operating and financial performance will improve as the underground mine development and production levels increase, albeit at a slower pace. Although the uranium plant at the Ezulwini Mine was commissioned in Q1 2010, it was only deemed to be in commercial production as of November 2009 (Q3 2010), so any costs derived from the uranium plant prior to November 2009 have been capitalized against property, plant and equipment. The production of yellowcake increased by 32% from Q2 2010 to 14,537 pounds. No uranium has yet been sold.

At MWS, the commissioned second gold plant module increased the Q3 2010 tonnage throughput by 96% compared to Q3 2009 and 43% compared to Q2 2010. The increased throughput resulted in a 96% increase in revenues and 148% increase in operating profit margin at MWS compared to Q2 2010. The impact of the gold streams from both the first and second gold plant modules having to share elution capacity in Q2 2010 resulted in less gold recovered during that period than would be the case if each gold stream had its own elution circuit, and also resulted in a disproportionate rise in cost (53%) versus revenue (22%) in Q2 2010. This was corrected in Q3 2010 when the second elution circuit was put in place, contributing to the 96% increase in revenues versus the 41% increase in cost of production when compared to Q2 2010.

The consolidated gross profit in Q3 2010 compared to the gross loss in Q3 2009 was primarily attributable to the 156% increase in profit margin from MWS due to increased production, largely offset by the 131% increase in operating loss at the Ezulwini Mine due to increased mine activities.

The Corporation incurred a larger operating loss in 2010 YTD compared to 2009 YTD. The larger loss reflected the fact that for the first six months of fiscal 2009, the Ezulwini Mine was not in commercial production. During that six-month period the costs of production from the Ezulwini Mine were capitalized and the related proceeds of gold sales were credited against property, plant and equipment.

Other income consisted primarily of fees for sludge pumping services to a third party, scrap sales and rental income at the Ezulwini Mine and varies from period to period relative to the pumping activity, sales and occupation. (See Note 16 to the Financial Statements.)

Other expenditures (as defined in Note b to the Consolidated Results of Operations table on page 11) increased in both Q3 2010 and 2010 YTD relative to the comparative periods and were mainly attributable to increased corporate activities, increased pumping costs due to increased mining activities at the Ezulwini Mine and, for the 2010 YTD specifically, the inclusion of $1.8 million settlement amount pursuant to the Auramet claim in Q2 2010. (See also Commitments and Contingencies in this MD&A)

Investment income primarily related to interest income earned on cash and cash equivalents invested in short-term deposits with the Corporation's bankers until required for capital projects or to fund operating costs. The lower interest income in Q3 2010 and 2010 YTD reflected the on average lower cash balances compared to Q3 2009 and 2009 YTD, as well as lower interest rates.

The higher interest and accretion expenditures compared to Q3 2009 and 2009 YTD was primarily due to the interest charged on the Facility with Simmer & Jack since the utilization of the facility in August 2009. The accretion expenditures also include interest and accretion expenses related to the convertible debentures based on the Cdn$150 million Debenture issue in May 2007. The stronger Cdn$ compared to the US dollar resulted in higher interest and accretion expense in Q3 2010 relative to the comparative period. (See Note 13 to the Financial Statements.)

The accretion expense on Asset Retirement Obligations in Q3 2010 and 2010 YTD increased compared to its comparative periods as a result of the stronger ZAR compared to the US dollar.

The fair value gain on the derivative liabilities consisted of a fair value gain on the derivative liability related to the Ezulwini Mine offset by a loss on the derivative liability related to MWS. The gain related to the Ezulwini Mine derivative liability reflects the decrease in fair value (due to the decrease in the gold price at the end of Q3 2010 from the gold price on initial valuation) of the 2010 and 2011 guaranteed ounces to be delivered pursuant to the Ezulwini Gold Wheaton Transaction at the end of Q3 2010 compared to the fair value on initial valuation. (See Note 11.2 to the Financial Statements.) The fair value loss related to the MWS derivative liability reflected the increase in fair value (due to the increase in the gold price at the end of Q3 2010 from the gold price at the end of Q2 2010) of the remaining 2009 guaranteed ounces delivered during Q3 2010 pursuant to the MWS Gold Wheaton Transaction. (See Note 11.1 to the Financial Statements.)

The foreign exchange gain (loss) results from the translation of the value of Canadian and South African denominated assets, liabilities, revenues and expenses into US dollars. The foreign exchange loss in Q3 2010 and 2010 YTD reflects primarily the weakening of the US$ against the Cdn$, but also its overall weakening against the ZAR during the period. During Q3 2009 and 2009 YTD both the ZAR and the Cdn$ weakened against the US dollar resulting in the foreign exchange gains during these periods.

The higher income tax charge in 2010 YTD was attributable to the overall increase in profitability from the MWS operations.

The substantial consolidated loss in 2010 YTD was attributable to the gross loss incurred at the Ezulwini Mine during Q3 2010 and 2010 YTD (inclusion of its operating results for the full nine months) combined with the significant foreign exchange loss on translation during 2010 YTD. The much lower consolidated loss in 2009 YTD only included the operating results from the Ezulwini Mine for Q3 2009 and the loss incurred during the 2009 YTD was offset by the significant foreign exchange gain during that period.

Consolidated Financial Position

Summary Balance Sheet and Key financial ratios

(thousands of dollars)	Q3 2010	FY 2009	% Change
Cash and cash equivalents	**28,308**	112,005	(74.7%)
Other current assets [(a)]	**35,689**	12,670	182%
Current liabilities	**(133,154)**	(58,629)	127%
Total assets	**695,581**	566,472	22.8%
Total liabilities	**(397,600)**	(296,375)	34.2%
Debt [(b)]	**(142,980)**	(121,710)	17.5%
Total shareholders' equity	**(297,981)**	(270,097)	10.3%
Key financial ratios:			
Current ratio [(c)]	**0.48:1**	2.13:1	
Debt-to-equity [(d)]	**0.48:1**	0.45:1	

Notes:
(a) Other current assets include accounts receivable, income tax receivable and inventories.
(b) Convertible debentures liability of Cdn$150 million translated to US$ at the exchange rate at the end of the period.
(c) Current assets divided by current liabilities at the end of the reporting period.
(d) Debt divided by total shareholder's equity at the end of the reporting period.

Balance sheet review

Total assets were primarily comprised of property, plant and equipment, reflecting the capital intensive projects at the Ezulwini Mine and MWS, cash and cash equivalents, accounts receivable, income taxes recoverable and inventories.

The 23% increase in total assets since FY 2009 was attributable to an increase in property, plant and equipment as a result of the capital projects at both operations, income taxes recoverable in respect of the MWS gold stream transaction, and an increase in accounts receivable and inventories related to the increase in production at the Ezulwini Mine, partially offset by the reduced cash and cash equivalents resulting from capital expenditures and cash operating losses.

The 34% increase in total liabilities since FY 2009 represented an increase in deferred revenue resulting from the Ezulwini Gold Stream Transaction in December 2009, drawdown of the Facility with Simmer & Jack in August 2009 (see Related Party Transactions section in this MD&A), an increase in the Cdn$ denominated debt portion of the senior unsecured convertible debentures (the US dollar equivalent is higher because of the weaker US dollar relative to the Cdn$), increased derivative liabilities related to the 2010 and 2011 guaranteed ounces pursuant to the Ezulwini Gold Stream Transaction, increased accounts payable and accrued liabilities arising from the increased capital expenditures at MWS and an increase in future tax liability arising from the increased asset base at MWS during 2010 YTD.

Financial position

Over the past year the Corporation's funding requirements and continuing cash availability have been affected by the global market turbulence in general and but more specifically by:

- the much lower than expected rate of underground mining activities at the Ezulwini Mine;
- permitting delays and subsequent withdrawal of the EA for the TSF;
- changes in capital construction scope, scheduling and increased costs;
- delays in timing the commissioning of plant modules relative to plan; and
- fluctuations in commodity prices and currency exchange rates.

As discussed earlier in this MD&A, the withdrawal of the EA by NWDACERD and the apparent reinstatement of the EA in relation to tailings sites not included in the Corporation's project plans for MWS, along with the much slower increase of production at the Ezulwini Mine had severely compromised the Corporation's financial position. The Corporation has revised the Ezulwini Mine plan and the production schedule at MWS and also curtailed future development expenditures as part of a company-wide program to conserve capital. Management's key priorities now are to resolve the permitting issue as quickly as possible, seek strategic alternatives for financing and the immediate restructuring of the operations.

The Board of Directors of the Corporation has formed a Special Committee to review the financial position of the Corporation and to review strategic alternatives. The Special Committee and its advisors have been actively engaged in discussions with respect to alternative financing arrangements and is assessing various financing alternatives, however, the terms of these alternatives are likely to be more onerous than the previous financing options.

Within its funding constraints, the Corporation plans to continue to focus on underground development and work to achieve increased production at the Ezulwini Mine and attain optimal output from gold and uranium facilities at both operations under the restructured plans. Future expansion and production activities will be subject to resolving the permitting issue at MWS and capital availability.

Liquidity and Capital Resources

The Corporation's financing efforts to date are not sufficient in and of themselves to enable the Corporation to fund all aspects of its operations and consequently the Corporation relies, in part, on cash generated from the operations to fund the capital expenditure obligations to complete construction and commissioning of the current capital projects at MWS. The much slower build-up of production at the Ezulwini Mine, delays in commissioning additional plant modules at both the Ezulwini Mine and MWS, along with increased capital requirements have resulted in less cash being generated by the Corporation than previously anticipated. In addition, the delays in permitting relating to the construction of its new life-of-mine TSF during Q3 2010 and the subsequent withdrawal of the EA has not only delayed construction of the TSF, it has also disrupted certain well-advanced corporate financing opportunities, which, along with the much slower than expected production build-up at the Ezulwini Mine have severely compromised the Corporation's financial position.

At December 31, 2009, the Corporation had existing commitments of $60.8 million. In addition, due to the suspension of the current and future development projects at MWS, the Corporation will no longer be able to meet the June 1, 2010 Construction Completion Date pursuant to the MWS Gold Stream Transaction agreement (See Commitments and Contingencies section in this MD&A). Subject to the terms of its agreement with GW and any defences that MWS may have, MWS may be required to pay GW the $42 million penalty in June 2010.

Available cash resources of $28.3 million at December 31, 2009 and the cash forecasted to be generated from the sale of gold and uranium will not be sufficient to fund the Corporation's outstanding commitments and the potential $42 million penalty. In addition, the Corporation must repay the $22.4 million Facility with Simmer & Jack by August 14, 2010. The Corporation will be engaging in discussions with Simmer & Jack and GW with respect to these obligations.

Management estimates that, based on the current revised and restructured mine plans as discussed under the Operations Review and Outlook sections of this MD&A, the additional cash required would be approximately $50 million. The current revised and restructured mine plans are based on the assumption that it will take the Corporation up to a year to resolve the permitting issue and that the future development projects at MWS will only resume in a year's time, upon resolution of the permitting issue. If, however, in the next three months the permitting issue was to be resolved and the capital projects at MWS were to resume, the additional cash required would be approximately $100 million. These funding requirements do not include any cash outflow relating to the potential $42 million penalty to GW or the repayment of the $22.4 million Facility with Simmer & Jack (see Commitments and Contingencies section to this MD&A).

The Board of Directors of the Corporation has formed a Special Committee to review the financial position of the Corporation and to review strategic alternatives. The Special Committee and its advisors is currently assessing various financing alternatives. No assurance can be given that any transaction will be consummated within the short time frame required to fund the Corporation's immediate cash requirements.

Cash flows

Cash flows for the three months ended December 31, 2009 are summarized below:

(thousands of dollars)	Q3 2010	Q3 2009	% Change
Cash flows (utilized in) generated from operating activities	**(1,185)**	3,679	(132%)
Cash flows utilized in investing activities	**(80,182)**	(51,388)	56.0%
Cash flows from financing activities	**50,000**	50,000	–
Net (decrease) increase in cash and cash equivalents for the period	**(31,367)**	2,291	(1,469%)
Cash and cash equivalents at beginning of period	**59,675**	36,725	62.5%
Cash and cash equivalents at end of period	**28,308**	**39,016**	**(27.4%)**

The increase in cash used in operating activities compared to Q3 2009 was primarily attributable to increased mining costs from increased mining activities at the Ezulwini Mine which has not yet generated a commensurate amount of cash revenues.

The increase in cash used in investing activities was primarily attributable to a significant increase in expenditures at MWS due to the ramp up of its capital programs offset by a decrease in capital expenditures at the Ezulwini Mine as its currently-identified capital programs have substantially been completed. During Q3 2010, capital expenditures of $7.3 million and $72.6 million were incurred at the Ezulwini Mine and MWS, respectively. During Q3 2009 capital expenditures of $17.2 million and $36.3 million were incurred at the Ezulwini Mine and MWS, respectively.

The cash from financing activities during Q3 2010 was attributable to $50 million received pursuant to the Ezulwini Gold Stream Transaction. The cash from financing activities during Q3 2009 was attributable to $50 million received pursuant to the MWS Gold Stream Transaction.

Cash flows for the nine months ended December 31, 2009 are summarized below:

(thousands of dollars)	2010 YTD	2009 YTD	% Change
Cash flows utilized in operating activities	**(48,811)**	(740)	(6,500%)
Cash flows utilized in investing activities	**(198,019)**	(174,983)	13.2%
Cash flows from financing activities	**163,133**	50,000	226%
Net decrease in cash and cash equivalents for the period	**(83,697)**	(125,723)	(34.0%)
Cash and cash equivalents at beginning of period	**112,005**	164,739	(32.0%)
Cash and cash equivalents at end of period	**28,308**	**39,016**	**(27.4%)**

The higher cash consumption from operating activities in 2010 YTD was primarily attributable to the increased mine activities, but as yet limited production at the Ezulwini Mine. For 2009 YTD a large portion of the operating costs from the Ezulwini Mine were capitalized.

During 2010 YTD, cash used in investing activities increased marginally compared to 2009 YTD.The significant increase in expenditures at MWS due to the ramp up of its capital programs over the last nine months, was substantially offset by a decrease in the current capital expenditure program at the Ezulwini Mine, which is virtually complete. During 2010 YTD, capital expenditures of $35.6 million and $161.4 million were incurred at the Ezulwini Mine and MWS, respectively. During 2009 YTD capital expenditures of $86.8 million and $87.2 million were incurred at the Ezulwini Mine and MWS, respectively.

The cash from financing activities during 2010 YTD was attributable to $92.6 million net proceeds received from the June 2009 bought deal financing, $20.5 million net cash from the Facility with Simmer & Jack and $50 million pursuant to the Ezulwini Gold Stream Transaction. During 2009 YTD the Corporation received $50 million pursuant to the MWS Gold Stream Transaction.

Commitments and contingencies

At the end of Q3 2010, the Corporation had $60.8 million of existing commitments, of which $1.8 million related to the Ezulwini Mine and $59.0 million to MWS. The existing commitments at the Ezulwini Mine related to mine development and infrastructure costs. The existing commitments at MWS included $5.9 million relating to the construction and commissioning of the second gold module and the first two uranium modules, $38.8 million relating to the construction of the third gold module and the third stream of the uranium flotation plant and $14.3 million for the construction of a new TSF.

Pursuant to the MWS Gold Stream Transaction, construction of the third gold plant module is to be completed by no later than June 1, 2010, the Construction Completion Date. (Also see Note 12.1 to the Financial Statements). If construction of the third gold module is not completed by the Construction Completion Date, the agreement provides for payment of a $42 million penalty, at GW's election; the payment of such a penalty is subject to the terms of the agreement and any defences MWS may have. However, if MWS completes construction within one year or two years of the election, GW must repay MWS $30 million or $20 million, respectively. As a result of the withdrawal of the EA at MWS, and the subsequent suspension of the construction of the third gold plant module at MWS, First Uranium does not expect to meet the Construction Completion Date.

In December 2008, Auramet Trading LLC ("Auramet") served a statement of claim on the Corporation, claiming a fee in the amount of $3.25 million in connection with the Gold Stream Transaction. The parties reached a settlement on a total amount of $1.8 million on November 10, 2009, pursuant to which the Corporation paid $0.6 million on signing the minutes of settlement and has agreed to pay the remaining $1.2 million in three equal installments over the first three quarters of calendar 2010.

On August 4, 2009, Aberdeen International Inc. ("Aberdeen") filed a claim for $11.4 million against Simmer & Jack and First Uranium (Proprietary) Limited ("FUSA"), a subsidiary of First Uranium, alleging certain breaches of a loan agreement dated March 30, 2006 and as amended by agreement on November 30, 2006 (together the "Loan Agreement"). FUSA was not a party to the Loan Agreement. Simmer & Jack, FUSA and Aberdeen entered into an arrangement agreement (the "Arrangement Agreement") dated December 20, 2006. Also see Related Party Transactions section in this MD&A in connection with the sale of the Buffelsfontein Tailings by Simmer & Jack to FUSA. The Arrangement Agreement provides for FUSA to pay to Simmer & Jack an amount equal the royalty payable to Aberdeen by Simmer & Jack under the Loan Agreement in respect of the gold produced from the Buffelsfontein Tailings. Of the total amount claimed, Aberdeen asserts that an additional royalty was payable by FUSA for the period October 16, 2008 to December 31, 2008 in the amount of approximately $400,000. FUSA has fulfilled or has caused its obligations to be fulfilled under the Arrangement Agreement and the agreement explicitly states that Aberdeen shall have no recourse to FUSA. Management believes that the claim against FUSA has no merit and that Aberdeen has no recourse to First Uranium or FUSA.

At December 31, 2009, First Uranium had the following contractual obligations:

	Payments due by date				
(thousands of dollars)	Less than 1 year	1-3 Years	4-5 Years	After 5 Years	Total
Senior unsecured convertible debentures	6,074	9,095	142,920	–	**158,089**
Purchase obligations	60,841	–	–	–	**60,841**
Provision for GW penalty	42,000	–	–	–	**42,000**
Asset retirement obligations	–	2,791	1,865	24,730	**29,386**
Derivative liabilities	11,344	13,406	–	–	**24,750**
Facility with Simmer & Jack	22,448	–	–	–	**22,448**
Capital leases	361	1,083	722	–	**2,166**
Operating leases	678	344	172	–	**1,194**
Total contractual obligations	**143,746**	**26,719**	**145,679**	**24,730**	**340,874**

Outlook

Liquidity

In an effort to limit its funding requirements, the Corporation has revised the Ezulwini Mine plan and the production schedule at MWS and also curtailed future development expenditures as part of a company-wide program to conserve capital. Management's key priorities now are to resolve the permitting issue as quickly as possible, consider strategic alternatives for financing and the immediate restructuring of the operations. The Corporation has been actively engaged in discussions with respect to alternative financing arrangements and is assessing various financing alternatives, however, the terms of these alternatives are likely to be more onerous than the previous financing options.

Ezulwini Mine

The key elements that drive production and operating results at the Ezulwini Mine are:

- the creation of available face length, with uranium and gold grades within planned ranges;
- increasing production build-up;
- improving gold and uranium recoveries;
- favourable ZAR prices for uranium and gold; and
- the sale of uranium to nuclear power utilities.

As discussed in the Ezulwini Mine Operations Review section in this MD&A, the mine production forecast has been revised in response to slower than expected mine production ramp up to date and the capital constraints.

The table below summarizes the revised Ezulwini Mine production forecast for the financial years ending March 31, 2011, 2012 and 2013:

Gold production	FY 2011	FY 2012	FY 2013
Production (oz)	132,000	194,000	265,000
Estimated Cash Costs ($/oz)[1]	766	598	721

Uranium production	FY 2011	FY 2012	FY 2013
Production (lb)	207,000	312,000	390,000
Estimated Cash Costs ($/lb)[1]	46	41	53

Notes:

1. "Cash Costs" are costs directly related to the physical activities of producing gold and uranium and include mining, processing and other plant costs; third-party refining and smelting costs; marketing expense, on-site general and administrative costs; royalties; on-mine drilling expenditures that are related to production and other direct costs. Sales of by-product metals are deducted from the above in computing cash costs. Cash costs exclude depreciation, depletion and amortization, corporate general and administrative expense, exploration, interest, and pre-feasibility costs and accruals for mine reclamation. Cash costs are calculated and presented using the "Gold Institute Production Cost Standard" applied consistently for all periods presented. The Gold Institute was a non-profit industry association comprised of leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and revised in November 1999. Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are advised to read all GAAP accounting disclosures presented in the Corporation's audited consolidated financial statements for FY 2009 and accompanying footnotes thereto.
2. The Cash Costs are shown on co-product basis, where costs are allocated to each metal on the basis of the revenue contribution from each metal.

MWS

As discussed in the MWS Operations Review section in this MD&A, the Corporation has taken action to delay future development expenditures, particularly at its MWS tailings recovery operation as part of a company-wide program to conserve capital.

The table below summarizes the revised MWS production forecast for the financial years ending March 31, 2011 and 2012:

Gold production	FY 2011	FY 2012
Production (oz)	57,000	64,000
Estimated Cash Cost ($/oz)[1]	459	490

Uranium production	FY 2011	FY 2012
Production (lb)	270,000	560,000
Estimated Cash Cost ($/lb)[2]	43	36

Notes:

1. Gold "Cash Costs" are costs directly related to the physical activities of producing gold and include mining, processing and other plant costs; third-party refining and smelting costs; marketing expense, on-site general and administrative costs; royalties; on-mine drilling expenditures that are related to production and other direct costs. Sales of by-product metals are deducted from the above in computing cash costs. Cash costs exclude depreciation, depletion and amortization, corporate general and administrative expense, exploration, interest, and pre-feasibility costs and accruals for mine reclamation. Cash costs are calculated and presented using the "Gold Institute Production Cost Standard" applied consistently for all periods presented. The Gold Institute was a non-profit industry association comprised of leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and revised in November 1999. Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are advised to read all GAAP accounting disclosures presented in the Corporation's audited consolidated financial statements for FY 2009 and accompanying footnotes thereto.
2. Uranium "Cash Costs" calculations take into account the incremental ounces of gold recovered when the ore is run through the atmospheric leach tanks of the uranium plant.

The annualized production rate presented above assumes a protracted permitting process during which MWS runs at an average reduced throughput of 600,000 tonnes per month until January 2012. Securing the EA as well as funding required to complete the capital projects sooner will allow acceleration of the annualized gold production rate to 140,000 ounces per annum and uranium production to 960,000 pounds per annum as originally planned. From the point at which the EA and funding are secured, MWS will require a six-month window to conclude the necessary construction activities to realize the increased production rate.

Technical Disclosure

All technical disclosure in this MD&A relating to the Ezulwini underground mine project will be presented in a Preliminary Assessment Technical Report to be prepared in accordance with National instrument 43-101 ("NI 43-101) by R. Dennis Bergen, P.Eng and Wayne Valliant P.Geo of Scott Wilson Roscoe Postle Associates Inc., each of whom is a "qualified person" under NI 43-101 and is independent of First Uranium. The disclosure contained in this MD&A has been reviewed and approved by Mr. Bergen and Mr. Valliant.

All technical disclosure in this news release relating to MWS has been prepared in accordance with National Instrument 43-101 ("NI 43-101) by Jim Fisher who is a Chartered Engineer and is a "qualified person" under NI 43-101.

Related Party Transactions

On August 14, 2009 the Corporation finalized a one-year term credit facility of ZAR160 million (approximately $21.6 million as at December 31, 2009) (the "Facility") with Simmer & Jack. The Corporation drew down the entire Facility during Q2 2010. The Facility bears interest at the three-month Johannesburg Interbank Agreed Rate (JIBAR) for ZAR denominated loans (currently 7.40%) plus 7% per annum. An arrangement fee of 3% was paid on the Facility amount and the Corporation paid for the legal and other costs relating to the Facility. The Corporation may repay the principal and accrued interest and terminate the Facility at any time before the one year anniversary without notice or penalty.

During Q3 2010 and 2010 YTD, the Corporation paid $0.9 million and $2.4 million, respectively, to Simmer & Jack pursuant to the Shared Services Agreement (Q3 2009: $0.4 million and 2009 YTD: $1.6 million). For Q3 2010 and 2010 YTD $0.7 million and $1.5 million, respectively, of the fees paid to Simmer & Jack was related to technical services provided to the operations that were capitalized (Q3 2009: $0.2 million and 2009 YTD: $0.5 million). For a description of the Shared Services Agreement, see the Corporation's Annual Information Form ("AIF") dated June 29, 2009.

At the end of Q3 2010, the amount payable to Simmer & Jack was $0.3 million compared to $0.9 million payable at the end of FY 2009.

First Uranium has agreed to reimburse Simmer & Jack for 50% of the fees that Simmer & Jack is required to pay to an empowerment company for consulting. During Q3 2010 and 2010 YTD, the Corporation paid $0.06 million and $0.2 million, respectively to Simmer & Jack in connection with such services (Q3 2009: $0.05 million and 2009 YTD: $0.2 million).

On September 27, 2007, the Board approved a loan in the amount of Cdn$1 million to the President and Chief Executive Officer of First Uranium for the purpose of facilitating the relocation of him and his family to Toronto, where the corporate office is located. The loan carries interest at 4% payable monthly in arrears, for a term of six years from the date of closing of the purchase of a family residence and is unsecured. The loan was advanced on October 17, 2007. Interest received on this loan was $0.01 million and $0.03 million during Q3 2010 and 2010 YTD (Q3 2009: $0.01 million and 2009 YTD: $0.03 million). The higher loan balance ($1.0 million at the end of Q3 2010 compared to $0.8 million at the end of FY 2009) reflects the strengthening of the Cdn$ against the US dollar during 2010 YTD.

Pursuant to the Buffelsfontein Tailings and Rights Agreement and the Aberdeen Arrangement (Refer to the Corporation's AIF for more detail), MWS is liable to pay: (i) to Simmer & Jack, an amount equal to the royalty payable by Simmer & Jack to Aberdeen pursuant to the Aberdeen Loan Agreement in respect of gold produced from the Buffelsfontein Tailings, and (ii) to BGM a royalty of 1% of the gross revenue earned by MWS from the sale of uranium, gold, sulphur and other minerals recovered from the processing of the Buffelsfontein Tailings. During Q3 2010 and 2010 YTD the total royalties and payments, inclusive of the amounts due in respect of the Aberdeen Loan Agreement were $0.5 million and $0.9 million, respectively (Q3 2009: $0.2 million and 2009 YTD: $1.2 million).

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining adequate disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109). Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the Corporation's filings under securities legislation is accumulated and communicated to management, including the CEO and CFO as appropriate, to allow timely decisions regarding public disclosure. They are also designed to provide reasonable assurance that all information required to be disclosed in these filings is recorded, processed, summarized and reported within the time periods specified in securities legislation. Management regularly reviews the disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud.

Management, including the CEO and CFO, conducted an evaluation of the effectiveness of the Corporation's disclosure controls and procedures as of December 31, 2009. Based on this evaluation, the CEO and CFO have concluded that the disclosure controls and procedures were effective to provide reasonable assurance that as of December 31, 2009 information required to be disclosed in First Uranium's annual and interim filings (as such terms are defined under NI 52-109) and other reports filed and 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, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in NI 52-109. Internal control over financial reporting means a process designed by and under the supervision of the CEO and CFO, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. All internal control systems have inherent limitations and therefore the internal control over financial reporting can only provide reasonable assurance and may not prevent or detect misstatements due to error or fraud.

Management, including the CEO and CFO, conducted an evaluation of the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2009 using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Based on this evaluation, the CEO and CFO have concluded that the internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP as of December 31, 2009.

Changes in Internal Control over Financial Reporting

During the most recent period there were no changes in the Corporation's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Critical Accounting Policies and Estimates

The accounting policies used in the preparation of the accompanying unaudited consolidated financial statements are consistent with those used in the Corporation's audited consolidated financial statements for the fiscal year ended March 31, 2009, and described in Note 2 therein, except for the changes in accounting policies described in the following section.

The preparation of these consolidated financial statements in accordance with Canadian GAAP 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 consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of long-lived assets, estimation of future site restoration costs and future income taxes, and classification of current portion of long term debt. Financial results as determined by actual events could differ from those estimated.

Impairment of Long-Lived Assets
The Corporation's long-lived assets consist of property, plant and equipment. At the end of each accounting period, the Corporation reviews the carrying value of its long-lived assets based on a number of factors. These factors include analysis of net recoverable amounts, permitting considerations and current economics. The withdrawal of the Corporation's EA for the TSF at MWS could have a significant impact on the recoverability of the long-lived assets at MWS if the EA is not re-instated in an acceptable timeframe. Estimates of the recoverable amount of long-lived assets may also be impacted by changes in commodity prices, currency exchange rates, operating costs, production levels and other factors that may be different from those used in determining the recoverable amount. Changes in estimates or failure to secure re-instatement of the MWS EA in an acceptable timeframe could have a material impact on the carrying value of the long-lived assets. Should impairment be determined, the Corporation would write-down the recorded value of the long-lived asset to fair value.

Full details of all the critical accounting estimates are described in the Corporation's audited consolidated financial statements for the fiscal year ended March 31, 2009.

Changes in accounting policies

Goodwill and Intangible Assets
Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 - *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. The changes are effective for the Corporation's interim and annual financial statements beginning on or after April 1, 2009. The adoption of this section had no impact on the results of the Corporation.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the Corporation to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard became effective for the Corporation's first quarter of Fiscal 2010 and is required to be applied retrospectively without restatement of prior periods. The adoption of this section had no impact on the results of the Corporation.

Mining Exploration Costs
In March 2009, the CICA issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. EIC-174 is applicable for the Corporation's interim and annual financial statements for its fiscal year ending March 31, 2010, with retroactive application. The adoption of this section had no impact on the results of the Corporation.

Future and new accounting standards

The CICA issued the following amendments to the accounting standards for periods beginning on or after April 1, 2011:

Business Combinations/Consolidated Financial Statements/Non-Controlling Interests
In January 2009, the CICA adopted Sections 1582 - *Business Combinations*, 1601 - *Consolidated Financial Statements*, and 1602 - *Non-Controlling Interests* which superseded current Sections 1581 - *Business Combinations and* 1600 - *Consolidated Financial Statement*.

These new sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with International Financial Reporting Standards. These sections will be applied prospectively to business combinations for which the acquisition date is on or after April 1, 2011. Earlier adoption is permitted. If the Corporation applies these sections before April 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Corporation is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

International financial reporting standards ("IFRS")

The Canadian Accounting Standards Board will require all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. First Uranium will be required to adopt IFRS in the fiscal year ending March 31, 2012. The Corporation will also be required to provide IFRS comparative information for the fiscal year immediately preceding the year in which they first adopt IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed.

The impact analysis and design phase is currently underway, as is the implementation phase. Detailed implementation plans and timelines were prepared for each area identified during the initial evaluation phase. Evaluation and selection of accounting policies and management's review of the recommended accounting policies, including first time adoption exemptions, is expected to be completed during Q4 2010. Other work that is underway includes analysis of additional financial statement and note disclosures and development of additional training required for key personnel.

During management's analysis phase, it has been established that all of First Uranium's subsidiaries (directly and indirectly owned) are required (and have been since the listing of the Corporation on the TSX in December 2006) under their respective jurisdiction's company's act, to prepare financial statements in accordance with IFRS. The Corporation's operational activities resides within its subsidiaries. Therefore most of the Corporation's financial reporting systems and processes already take IFRS into consideration and the staff involved in the financial reporting process are knowledgeable on IFRS. On consolidation of First Uranium's group financial statements at the end of each reporting period, the subsidiaries' financial information is reviewed to consider any potential differences between IFRS and Canadian GAAP, and if any differences are identified, such differences are adjusted to the consolidated financial statements to ensure that the Corporation's group consolidated financial statements are reported in accordance with Canadian GAAP.

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS will not change the actual cash flow movements of the Corporation, the adoption of IFRS will result in changes to the reported financial position and results of operations of the Corporation. The Corporation identified a number of key areas where differences between Canadian GAAP and IFRS exist and the Corporation reviews any new financial information on an ongoing basis to identify further areas of differences.

Outstanding Share Data

	FY 2010	FY 2009
Common shares outstanding at beginning of the period	**151,574,037**	131,074,037
Shares issued during the period	**15,250,000**	20,500,000
Restricted share unit shares issued	**23,000**	–
Common shares outstanding at end of the period	**166,847,037**	151,574,037
Unexercised common share purchase warrants at end of the period	**10,250,000**	10,250,000
Unexercised restricted units outstanding at end of the period	**177,000**	–
Unexercised stock options outstanding at end of the period	**3,204,622**	3,588,194
Average strike price of outstanding options (Cdn$)	**7.74**	7.79

At February 15, 2010, First Uranium had 166,824,037 common shares outstanding and there were 3,204,622 unexercised stock options outstanding at an average strike price of Cdn$7.74 per share.

Each warrant is exercisable for one common share of First Uranium at a purchase price of Cdn$4.15 until February 11, 2011.

At December 31, 2009 and February 15, 2010, First Uranium also had Cdn$150 million (approximately $143 million as at December 31, 2009) principal amount of Debentures outstanding which are convertible into 60.9013 common shares for each Cdn$1,000 principal amount of Debentures, representing 9,135,195 common shares.

Risks and Uncertainties

Uncertainties

There are a number of uncertainties in the mining business of First Uranium, some that are beyond First Uranium's control, including:

- the Corporation's ability to continue as a going concern;
- securing the adequate supply of capital;
- the Corporation's plans to increase the production at MWS is dependent on the successful conclusion of the appeal process with the MEC and a revocation of the withdrawal of the EA from NWDACERD with effect upon properties included in the project plans of the Corporation;
- demand and prices for the Corporation's future production of uranium and gold;
- foreign exchange and interest rates;
- government legislation regarding mining companies in South Africa, including without limitation, securing authorizations and permits required thereunder within the timeframes required to achieve the Corporation's plans and objectives;
- the ability of the Corporation to provide financial assurance for rehabilitation liabilities to the satisfaction of the DMR;
- the cost of other re-agents used by the Corporation in the process to extract uranium and gold;
- the consistent supply of sufficient electrical power;
- the consistent supply of sufficient sulphuric acid;

- the decisions and activities of the Corporation's competitors in the uranium and gold mining business, which impact the supply of uranium and the demand for available services, construction materials, labour and the rights for prospecting and mining;
- the continued endorsement of nuclear power as a preferred source for the world's energy needs;
- the decisions of investors to continue to buy and hold the securities of the Corporation;
- securities regulation regarding public listed companies in Canada and South Africa; and
- natural disasters, war or random occurrences or acts that could result in a material change to economic and market performance, business conditions or operations.

Risks

In addition, First Uranium's mining properties are in the development stage and are subject to the risks and challenges similar to other companies in a comparable stage of development and production startup. The risks include, but are not limited to, certain business, operational and market risks. For a detailed discussion of the Corporation's risks please refer to the most recently AIF filed on SEDAR.

Additional Information

Additional information is contained in the Corporation's filings with the Canadian Securities regulator, including the AIF. These are available on SEDAR at www.sedar.com and on the Corporation's website at www.firsturanium.com.

Forward-looking Information

This MD&A and consolidated financial statements for the period ended December 31, 2009 contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the timing and receipt of financing on acceptable terms, the timing and receipt of required permits, costs of production, capital expenditures, price of uranium and gold, supply and price of sulphuric acid, the availability and price of electrical power, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs and timing of development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, availability of financing on acceptable terms, government regulation of mining operations, environmental risks, unanticipated reclamation expenses and title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "goal", "objective", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of First Uranium to be materially different from any future results, performance or achievement expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the integration of acquisitions, to international operations, to prices of uranium and gold. Although First Uranium has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. It is important to note, that: (i) unless otherwise indicated, forward-looking statements indicate the Corporation's expectations as at the date of this MD&A; (ii) actual results may differ materially from the Corporation's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate; (iii) the Corporation cannot guarantee that any forward-looking statement will materialize and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and (iv) the Corporation disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason. In making the forward-looking statements in this MD&A, First Uranium has made several material assumptions, including but not limited to, the assumption that: (i) operating and capital cost estimates, metal prices, exchange rates and discount rates applied in the preliminary economic assessment for the Ezulwini Mine and the prefeasibility study for MWS and as updated by the Corporation in its continuous disclosure from time to time are achieved;(ii) approvals to transfer or grant, as the case may be, mining rights or prospecting rights will be obtained; (iii) consistent supply of sufficient power will be available to develop and operate the projects as planned; (iv) mineral reserve and resource estimates are accurate; (v) the technology used to develop and operate its two projects has, for the most part, been proven and will work effectively; (vi) that labour and materials will be sufficiently plentiful as to not impede the projects or add significantly to the estimated cash costs of operations; (vii) that Black Economic Empowerment ("BEE") investors will maintain their interest in the Corporation and the Corporation will be able to secure additional BEE investment in the Corporation's common shares to a sufficient level to maintain compliance with BEE requirements as required by applicable law; and (viii) that the innovative work on stabilizing the main shaft at the Ezulwini Mine will be successful in maintaining a safe and uninterrupted working environment until 2024.