



FIRST URANIUM CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the financial results
for the year ended
March 31, 2009

Management’s discussion and analysis of the audited consolidated financial condition and results of operations for the year ended March 31, 2009

This Management’s Discussion and Analysis (“MD&A”) of the consolidated financial position and results of operations reviews the activities, audited consolidated results of operations and financial condition of First Uranium Corporation and its subsidiaries (“First Uranium” or the “Corporation”) for the year ended March 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 2008	April 1, 2007 to March 31, 2008	FY 2009	April 1, 2008 to March 31, 2009
Q1 2008	April 1, 2007 to June 30, 2007	Q1 2009	April 1, 2008 to June 30, 2008
Q2 2008	July 1, 2007 to September 30, 2007	Q2 2009	July 1, 2008 to September 30, 2008
Q3 2008	October 1, 2007 to December 31, 2007	Q3 2009	October 1, 2008 to December 31, 2008
Q4 2008	January 1, 2008 to March 31, 2008	Q4 2009	January 1, 2009 to March 31, 2009
FY 2010	April 1, 2009 to March 31, 2010	Q1 2010	April 1, 2009 to June 30, 2009

This MD&A is intended to supplement and complement the audited consolidated financial statements for the year ended March 31, 2009 and the notes thereto (collectively the “Financial Statements”) which have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The information contained in this MD&A is current as of June 16, 2009, 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.

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 March 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 March 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 March 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 March 31, 2009.

Changes in Internal Control over Financial Reporting

During the most recent year 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.

Overview

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 ("MWS"). Both the Ezulwini Mine and MWS are located in South Africa. First Uranium also plans to expand its production profile by pursuing value-enhancing acquisition and joint venture opportunities in South Africa and elsewhere.

First Uranium went public in December 2006, raising net proceeds of \$177.7 million from the sale of 33 million common shares in an initial public offering (the "Offering"). In May 2007, an additional \$130.6 million (net of expenses) was raised from the sale of senior unsecured convertible debentures ("the Debentures"). In November 2008, the Corporation signed a definitive agreement with Gold Wheaton (Barbados) Corporation ("GW"), a wholly-owned subsidiary of Gold Wheaton Gold Corp., whereby GW acquired the right to receive 25% of the estimated 2.1 million ounces of life-of-mine gold production from MWS (the "Gold Stream Transaction") for net proceeds of \$123.3 million, of which 40% was received upon closing of the Gold Stream Transaction in December 2008 and the balance payment was received in March 2009. In February 2009, the Corporation completed a bought deal private placement (the "Private Placement") and raised net proceeds of \$47.6 million by issuing 20.5 million units at a price per unit of Cdn\$3.00 that consisted of one common share of First Uranium (a "Unit Share") and one-half of one common share purchase warrant, (a "Warrant"), each full Warrant being exercisable to acquire one common share of First Uranium at a purchase price of Cdn\$4.15 for a period of 24 months following the closing date.

On June 1, 2009 the Corporation completed a bought deal financing (the "Bought Deal") and raised gross proceeds of Cdn\$106.8 million of 15,250,000 common shares at a price per share of Cdn\$7.00. The Corporation also granted an over-allotment option to purchase an additional 2,287,500 common shares at Cdn\$7.00 exercisable in whole or in part, within 30 days of closing the Bought Deal.

The common shares and the Debentures are listed on the Toronto Stock Exchange (the "TSX"). In addition, the common shares are listed on the Johannesburg Stock Exchange (the "JSE").

As of June 16, 2009, Simmer and Jack Mines, Limited (“Simmer & Jack”), a South African incorporated public company listed on the JSE, owned 37.2% of the common shares of First Uranium.

Inclusive of the Offering in December 2006, First Uranium raised over \$560 million, including the Bought Deal, for the primary purpose of completing its near term objective of bringing the Ezulwini Mine and MWS into production for uranium and gold. In that relatively short time, the Corporation has brought both operations into gold production and expects the Ezulwini Mine to be into uranium production during Q2 2010. Compared to other projects of similar scale, First Uranium has achieved much while having to manage a myriad of challenges including: a global economic crisis and the resultant tightening of credit and funding opportunities; power shortages; high clay content in the tailings being reclaimed; permitting delays; labour negotiations; escalating costs for construction materials and considerable fluctuations in the price of re-agents such as sulphuric acid and cyanide. In addition to building and commissioning new processing plants, First Uranium has also built a management team of seasoned professionals, refurbished the shafts at the Ezulwini Mine, installed diesel-fired generators against future shortages of electrical power, commissioned a tailings reclamation station and pipelines at MWS and, to achieve its business goals, negotiated favourable contracts with various partners, including labour and the local uranium calcining operation. Management believes that the Corporation is well positioned to complete its primary capital projects and progress to full production at the Ezulwini Mine and MWS.

Since the beginning of FY 2009, First Uranium focused on:

- operating safely;
- rehabilitating the shafts at the Ezulwini Mine, with full utilization of the main shaft becoming available in Q4 2009;
- improving the confidence in the Ezulwini Mine’s estimated mineral resource;
- bringing the Ezulwini Mine into production with hoisting of uranium (“U₃O₈”) and gold (“Au”) ore from underground;
- constructing the Ezulwini Mine’s gold plant and its commissioning, which was completed in Q2 2009;
- constructing the Ezulwini Mine’s uranium plant and its commissioning, which was completed in Q1 2010;
- implementing solutions to more effectively mine the high clay content in the MWS tailings;
- permitting of a single site for tailings deposition at MWS;
- completing the upgrade to the existing MWS gold plant to increase its capacity;
- commencing the construction of the second gold plant module and the first two uranium plant modules at MWS;
- installing stand-by power generation at the Ezulwini Mine and a power plant at MWS to ensure a backup supply of electrical power;
- updating technical reports for both operations;
- three financing transactions to provide funding for its uranium and gold plants during a period of rising costs; to accelerate the implementation of a pressure leach circuit at MWS and for potential consolidation opportunities; and
- exploring growth opportunities in North America and South Africa.

During Q3 2009, the gold processing plant at the Ezulwini Mine was regarded as ready for commercial use, notwithstanding the fact that the plant operates at considerably less than capacity during these early days of production. Accordingly, from the beginning of Q3 2009, the revenues and related costs derived from the gold processing plant were included in the Corporation’s financial results, with the losses arising from under utilization of the Ezulwini Mine offsetting the profitable operations of MWS. Prior to Q3 2009, the costs of production from the Ezulwini Mine were capitalized and the related proceeds of sales were credited against capital.

At MWS, management previously estimated that the second gold plant module and the first two uranium plant modules would commence commissioning in Q1 2010 to be completed in Q2 2010. Consistent with that commissioning schedule, the second gold plant module is expected to produce gold on carbon by the end of Q2 2010. Production of yellowcake at the first two uranium modules at MWS, however, is expected to only start production in Q3 2010 due to delays in project design, which in turn postponed the procurement of construction materials.

For the final phase of construction for MWS, management has decided to delay portions of the third uranium plant module until such time that higher uranium prices are expected to occur. Management plans to reconfigure the plant design and change the mine plan to achieve approximately 91% of the previously planned life of mine uranium production resulting in a more efficient capital investment program and optimized cash flow profile. The new plan requires an immediate start to the construction of the third gold plant module as well as the third stream of the uranium flotation plant, which will be used to optimize flotation mass pull and thereby uranium grades delivered to the uranium plant. Inception of the third stream of the uranium flotation plant is expected to ensure that the planned life of mine gold production will be realized in all material respects. Management also plans to accelerate the change from an atmospheric leach process to a pressure leach process concurrent with the commissioning of the third gold plant module. The acceleration of the pressure leach process is expected to enhance gold recoveries and reduce operating costs significantly.

For the construction and operation of this final phase of the MWS plants management has recently received updated capital and operating cost estimates which are higher than were originally estimated two years ago. The total capital cost of the MWS plants, inclusive of the accelerated pressure leach process and final completion of the third uranium plant as discussed on page 5 of this MD&A, is expected to be approximately \$451.6 million. The consent of South Africa's national power utility, Eskom, to supply power to MWS has reduced the projected operating costs in the short term by reducing the need to generate power on site with diesel generators. However, this is more than offset by unexpected price increases, notably cyanide, projected over the life of the project. As a result, the operating cash cost for MWS on a co-product basis is expected to average \$319 per ounce of gold and \$25 per pound of uranium over the life of the project.

During FY 2010 the Corporation will continue to focus its resources and efforts on:

- operating safely;
- developing face length and increasing volumes hoisted at the Ezulwini Mine;
- completing the construction and commissioning of the remaining uranium and gold plant modules at MWS; and
- the installation of a pressure leach process at MWS.

Highlights

During Q1 2009, First Uranium:

- treated a total of 1.7 million tonnes of tailings through the MWS gold plant at an average recovered grade of 0.16 grams of gold per tonne, producing a total of 8,530 ounces of gold at a Cash Cost of \$431 per ounce (as defined in the notes to the production tables in the Operations Overview of this MD&A);
- completed upgrading the MWS gold plant to increase the design capacity from 500,000 tonnes per month to 633,000 tonnes per month;
- upgraded MWS No.5 tailings dam during May 2008 to enable a deposition rate of 633,000 tonnes of material per month;
- approved, subject to financing, a plan to build an acid plant at MWS to secure a low-cost supply of sulphuric acid, a necessary reagent for the production of uranium, from the sulphur contained in the pyritic material within the tailings dams, which are already being processed for gold at MWS (Note: This initiative was subsequently deferred as acid prices and supply improved);
- entered into agreements to supplement the power supplied by the South African national power utility ("Eskom") by obtaining and installing diesel-fired generators and a power plant to secure a steady supply of electrical power with a total capacity of 54 megawatts ("MW"), inclusive of existing stand-by

units, to the two operations until Eskom could be expected to restore a steady, reliable supply of electrical power;

- filed updated independent technical reports on June 5, 2008 for both the Ezulwini Mine and MWS, taking into consideration the capital and operating costs of generating additional power, revised acid price assumptions and a revaluation of metal price and exchange rate assumptions; and
- received notification in June 2008 that Eskom would be able to increase its supply of power to the Ezulwini Mine from 40 MW to 55 MW, which is expected to reduce the Corporation's requirement to generate its own additional power and the costs thereof.

During Q2 2009, First Uranium:

- treated a total of 1.8 million tonnes of tailings through the MWS gold plant at an average recovered grade of 0.20 grams of gold per tonne, producing a total of 11,821 ounces of gold at a Cash Cost of \$374 per ounce;
- advanced refurbishment, construction and development activities at both the Ezulwini Mine and MWS;
- successfully commissioned the first 50,000 tonne per month grinding mill and the 200,000 tonne per month carbon-in-leach circuit ("CIL") at the Ezulwini Mine;
- experienced delays in commissioning the elution circuit of the gold plant at the Ezulwini Mine; and
- delayed the production of yellowcake at the Ezulwini Mine due to late delivery of certain construction materials.

During Q3 2009, First Uranium:

- treated a total of 1.8 million tonnes of tailings through the MWS gold plant at an average recovered grade of 0.21 grams of gold per tonne, producing a total of 12,235 ounces of gold at a Cash Cost of \$412 per ounce;
- at the Ezulwini Mine, the elution circuit was successfully brought on stream and gold was produced for delivery to the refinery;
- advanced refurbishment, construction and development activities at both the Ezulwini Mine and MWS;
- successfully commissioned the second 50,000 tonnes per month grinding mill at the Ezulwini Mine;
- secured a supply of sulphuric acid to meet the requirements of both operations amid rising costs and diminishing supply;
- in November 2008, announced the results of an updated technical report for the Ezulwini Mine and also applied several modifying factors to the MWS technical report dated March 31, 2008 resulting from an improved understanding of the project expansion milestones as well as the improved operational performance of MWS in Q2 2009; and
- in December 2008, received \$50 million (the "First Payment") from GW upon fulfilling the closing conditions under the Gold Stream Transaction.

During Q4 2009, First Uranium:

- milled 108,622 tonnes of ore from the Ezulwini Mine at an average recovered grade of 1.22 grams of gold per tonne, producing 4,267 ounces of gold;
- treated a total of 1.7 million tonnes of tailings through the MWS gold plant at an average recovered grade of 0.19 grams of gold per tonne, producing a total of 10,513 ounces of gold at a Cash Cost of \$379 per ounce;
- installed and connected 10 MW of diesel-fired electrical power generators at the Ezulwini Mine and installed a 30 MW power plant at MWS;
- in line with the accelerated schedule, completed key elements of the rehabilitation of the Ezulwini Mine shaft, which allowed the shaft to be dedicated entirely to the development and mining of the Middle Elsburg and Upper Elsburg ore bodies;
- in February 2009, raised net proceeds of \$47.6 million from the Private Placement of 20.5 million units at Cdn\$3.00 per unit, each unit comprised of one common share and one-half of a common share purchase warrant; and
- in March, 2009, received the second tranche payment of \$75 million pursuant to the Gold Stream Transaction.

During FY 2009, from a financial and operational perspective, First Uranium:

- ended FY 2009 with \$112.0 million cash and cash equivalents on hand;
- advanced refurbishment, construction and development activities with cash capital expenditures of \$102.0 million and \$109.3 million at the Ezulwini Mine and MWS, respectively;
- milled 232,715 tonnes of ore from the Ezulwini Mine at an average recovered grade of 1.44 grams of gold per tonne, producing 10,802 ounces of gold; and
- treated a total of 7.0 million tonnes of tailings through the MWS gold plant at an average recovered grade of 0.19 grams of gold per tonne, producing a total of 43,099 ounces of gold at a Cash Cost of \$397 per ounce.

To date, during Q1 2010 First Uranium:

- completed final commissioning of the first of two stream's of the Ezulwini Mine's 100,000 tonne per month uranium plant;
- entered into a strategic supplier contract with Petronex (Pty) Ltd for the guaranteed supply of sulphuric acid to MWS for a 36-month period;
- entered into a letter of intent to supply Eskom with uranium for their Koeberg nuclear power station beginning 2011 to 2017. The agreement to be finalized will be based upon a portion of the supply delivered at the uranium spot price and the remainder based on an escalated price;
- continued construction of the second gold module and first two uranium modules at MWS; and
- completed the Bought Deal and raised gross proceeds of Cdn\$106.8 million of 15,250,000 common shares at a price per share of Cdn\$7.00.

Financial Overview

Summary of Consolidated Results

<i>(in thousands of dollars)</i>	Q4 2009	Q4 2008	FY 2009	FY 2008
Revenue				
- Ezulwini Mine	3,915	— ⁽¹⁾	9,825	— ⁽¹⁾
- MWS	9,872	6,360	37,771	21,429
	13,787	6,360	47,596	21,429
Cost of sales (including amortization)				
- Ezulwini Mine	(8,829)	—	(20,883)	—
- MWS	(4,288)	(3,550)	(17,933)	(16,580)
	(13,117)	(3,550)	(38,816)	(16,580)
Gross (loss) profit				
- Ezulwini Mine	(4,914)	—	(11,058)	—
- MWS	5,584	2,810	19,838	4,849
	670	2,810	8,780	4,849
Operating loss*	(5,668)	(8,616)	(17,247)	(18,454)
Loss for the period	(10,722)	(26,871)	(16,342)	(22,347)

*Operating loss is defined as loss before interest income, interest and accretion expenses, fair value loss on derivative liability, accretion expense on asset retirement obligations, foreign exchange gain (loss) and income tax charge.

Note

- 1) The Ezulwini Mine ounces sold during FY 2008 relates to a toll-treatment arrangement with a third party that was terminated during Q4 2008. Revenue derived from the arrangement was credited against mine infrastructure costs in Property, Plant and Equipment during FY 2008.

The Ezulwini Mine generated revenue of \$3.9 million from 4,267 ounces of gold sold at an average selling price of \$917 per ounce during Q4 2009. During FY 2009 the Ezulwini Mine generated revenue of \$9.8 million from 10,802 ounces of gold sold at an average selling price of \$910 per ounce. The revenues and related costs derived from the gold processing plant were included in the Corporation's financial results beginning Q3 2009. As mine production was in the early stages of development and management decided to focus on the refurbishment of the shaft, the time available for active mining was limited so that the Ezulwini Mine recorded reduced tonnages and higher than planned Cash Costs of \$2,032 per ounce in Q4 2009 and \$1,919 per ounce in FY 2009. Consequently the Ezulwini Mine incurred a gross loss of \$4.9 million in Q4 2009 and \$11.1 million in FY 2009, respectively. It is anticipated that the high unit costs will decrease and operating and financial performance will improve significantly as the underground mining, development and production activities increase.

At MWS, the Corporation achieved 94.3% of its gold production forecast during FY 2009 and showed significant improvement in its financial results. MWS generated \$9.9 million of revenue from 10,417 ounces of gold sold at an average selling price of \$948 per ounce in Q4 2009 compared to \$6.4 million from 7,263 ounces of gold sold at an average selling price of \$876 per ounce in Q4 2008. During FY 2009, MWS generated \$37.8 million of revenue from 42,857 ounces of gold sold at an average selling price of \$881 per ounce compared to \$21.4 million from 28,094 ounces of gold sold at an average selling price of \$874 per ounce in FY 2008. Pursuant to the December 2008 Gold Stream Transaction, the ounces delivered by MWS into the contract during Q4 2009 were sold at the contract price at \$400 per ounce, but accounted for in revenue at the gold spot price at the time of delivery. The proceeds from these ounces were used to settle against the Derivative Liability (See Note 10 of the Financial Statements). If the ounces delivered to GW were recognized at \$400 per ounce as per the agreement, then the average selling price would have been \$815 per ounce.

A total of 43,099 ounces of gold were produced at MWS in FY 2009 at an average Cash Cost of \$397 per ounce compared to 28,192 ounces of gold produced during FY 2008 at an average Cash Cost of \$535 per ounce. The increased revenues as well as the reduction in operating costs at MWS (despite the inclusion in cost of sales of \$1.7 million of costs related to the Gold Stream Transaction) resulted in the significant increase in gross profit from tailings processed at MWS from \$4.8 million in FY 2008 to \$19.8 million in FY 2009.

The aforementioned gross loss during production build-up at the Ezulwini Mine combined with higher general, consulting and administrative expenses more than offset the continuing improvement and much higher gross profit on MWS production resulting in the consolidated operating loss (as defined on page 7 of this MD&A) of \$17.2 million for FY 2009 which is 7% lower than the consolidated operating loss for FY 2008. The consolidated operating loss for FY 2008 reflected increased revenues at MWS, which were more than offset by the increase in corporate and administration expenses as operating activities expanded during the year. In FY 2008, the costs of production from the Ezulwini Mine were capitalized and the related proceeds of sales were credited against capital.

The consolidated loss of \$16.3 million in FY 2009 compared to a consolidated loss of \$22.3 million in FY 2008 primarily as a result of the significant foreign exchange gain on translation in the value of Canadian and South African assets, liabilities, revenues and expenses converted to US dollars, which strengthened against the other reporting currencies during the year and which more than offset the decrease in interest income during the year. The higher revenue from increased gold sales also contributed to reducing the size of the consolidated loss in FY 2009. The consolidated loss in FY 2008 was primarily the result of operating losses for the year and a foreign exchange loss on translation during the year.

At the end of FY 2009, First Uranium had total assets of \$566.5 million, total liabilities of \$296.4 million and shareholders' equity of \$270.1 million. The Corporation had cash and cash equivalents of \$112.0 million compared to \$164.7 million at the end of FY 2008. The Corporation currently holds its funds in cash and bank-sponsored guaranteed investment certificates with Canadian and South African banks. The decrease in cash and cash equivalents from the end of FY 2008 to the end of FY 2009 was the net result of \$211.3 million of cash utilized during FY 2009 on capital expenditures for the ongoing development of the

Corporation's two mining operations partially offset by the \$170.9 million of net proceeds raised from the Gold Stream Transaction and the Private Placement during FY 2009, respectively.

The Power Situation

In January 2008, Eskom communicated to the South African mining industry that the utility could not guarantee power availability and asked the industry to operate at electrical power levels below historical load requirements until 2012 (the "Power Situation"). While Eskom announced plans to increase the supply of power incrementally in the years leading up to 2012, Eskom also reported that they could not guarantee full power availability until then.

Prior to the Power Situation, management believed that Eskom would be able to provide all of the power to operate its current projects. Eskom subsequently informed the Corporation that they would only be able to provide approximately 40 MW at the Ezulwini Mine and 12 MW at MWS, insufficient for the power requirements of each operation. To supplement the Eskom power at the Ezulwini Mine, the Corporation has refurbished and connected the 14 MW of its existing stand-by capacity and leased diesel-fired generators with a combined capacity of 10 MW for an initial term of eighteen months, with the option to extend the lease agreement for a period of up to sixty months. To supplement the Eskom power at MWS, the Corporation installed a 30 MW power plant. As at March 31, 2009, \$11.4 million included in capital expenditures was spent on securing the above sources of power to supplement Eskom power.

In June 2008, the Corporation was notified by Eskom that it will be able to increase its power supply to the Ezulwini Mine from 40 MW to 55 MW, which therefore reduces the Corporation's need to generate its own power, which would be more expensive to operate than Eskom power. One of the factors enabling Eskom to meet the Corporation's power requirements has been the decline in demand for Eskom power brought on by the impact of the credit crisis in Southern Africa. The Corporation has been informed by Eskom that under these circumstances they intend to meet the Corporation's power requirements. However, with its own generators installed and ready for use, First Uranium has a backup plan in place. Although it is too early to predict the outcome of the economic downturn, it is envisaged that the Corporation may be able to satisfy its power requirements through supply provided by Eskom, which could result in a reduction in forecast operating cost estimates at both operations.

Operations overview

Ezulwini Mine

	Q4 2009	Q4 2008 (see Note 1)	FY 2009	FY 2008 (see Note 1)
Ezulwini Mine				
Tonnes hoisted (000s)	29	–	127	–
Tonnes milled (000s)	109	18	233	46
Total ounces of gold produced sold	4,267	2,680	10,802	7,735
Average selling price per ounce (\$)	917	940	910	869
Average cost per ounce produced and sold (\$)	(2,069)	–	(1,933)	–
Average Cash Cost ⁽²⁾ per ounce (\$)	(2,032)	–	(1,919)	–
<i>(in thousands of dollars)</i>				
Revenue	3,915	2,519	9,825	6,723
Cost of sales (excluding amortization)	(8,671)	–	(20,725)	–
Amortization	(158)	–	(158)	–
Total cost of sales	(8,829)	–	(20,883)	–
Gross loss	(4,914)	–	(11,058)	–

Notes:

- 1) The tonnes milled and ounces sold during FY 2008 relates to a toll-treatment arrangement with a third party that was terminated during Q4 2008. Revenue derived from the arrangement was credited against mine infrastructure costs in Property, Plant and Equipment during FY 2008.
- 2) "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.

Total cash costs per ounce is a non-GAAP measurement and investors are cautioned not to place undue reliance on it and are urged to read all GAAP accounting disclosures presented in the consolidated financial statements and accompanying footnotes.

The Ezulwini Mine is located approximately 40 kilometres from Johannesburg on the outskirts of the town of Westonaria in the Gauteng Province, South Africa. The Ezulwini Mine is an underground mine constructed in the 1960s with historical production of approximately 14 million pounds of uranium and 12 million ounces of gold until it was put on care-and-maintenance in 2001, which was its status when the Corporation acquired it in 2006. The mine has two separate tabular ore bodies about 400 metres apart. The Upper Elsburg ore body, where most of the mining has been done to date, is a gold only deposit. The Middle Elsburg ore body is a gold and uranium deposit and is relatively unexploited.

The development of the Ezulwini Mine included the rehabilitation and re-engineering of the main mine shaft through the installation of a floating steel tower and the construction of a 200,000 tonne per month gold plant and a 100,000 tonne per month uranium plant. The focus of the Ezulwini Mine is now to accelerate underground production to feed the newly constructed gold and uranium plants.

The Ezulwini Mine is part of the Ezulwini mining right, which includes certain surface and underground assets, acquired by the Ezulwini Mining Company ("EMC"). On the date of the Offering, Simmer & Jack was the registered owner of the Ezulwini mining right. On December 20, 2006, EMC and Simmer & Jack entered into an agreement (the "Ezulwini Mining Right Agreement") pursuant to which Simmer & Jack agreed to take the necessary steps to obtain all ministerial approvals in order to effect the ceding of the Ezulwini mining right from Simmer & Jack to EMC. On March 20, 2008, the Department of Minerals and Energy ("DME") consented to the ceding of the Ezulwini mining right to EMC. The Corporation has been advised by the DME that all requirements of the DME to transfer of the mining right have been met. The

Corporation expects to receive the necessary documents to register the cession of the mining right to EMC in due course.

As previously announced, during Q2 2009, the Corporation concluded that the proportionate allocation of time between the shaft refurbishment project and underground mining and development activities did not lead to efficient operation of the mine and it was decided to allocate more time to the shaft refurbishment project. This action resulted in an acceleration of the completion of the rehabilitation of the shaft by two months, but also resulted in a short-term decrease in underground mining and development activities. The shaft refurbishment project was substantially completed in early February 2009, allowing the underground mining and development activities to return to planned mine production time for the remainder of Q4 2009. The first critical distress cut, the annulus around the main shaft has been completed, and the distress cut will continue outwards, continuing to reduce the rock stress on the shaft.

As mine production was in the early stages of development and management had decided to focus on the completion of the refurbishment of the shaft, the time available for active mining was limited. As a result, the Ezulwini Mine recorded reduced tonnages and higher than planned Cash Costs of \$2,032 per ounce in Q4 2009 and \$1,919 per ounce in FY 2009. Consequently the Ezulwini Mine incurred a gross loss of \$4.9 million in Q4 2009 and \$11.1 million in FY 2009, respectively. It is anticipated that the unit costs will decrease and operating and financial performance will improve significantly as the underground mining, development and production activities increase.

During Q3 2009, the Ezulwini Mine successfully commissioned the second 50,000 tonnes per month grinding mill and the 200,000 tonne per month CIL circuit resulting in 232,715 tonnes of gold bearing ore being milled during the remainder of FY 2009. Delays experienced in commissioning of the elution circuit of the gold plant were resolved at the start of Q3 2009 and as a result, 10,802 ounces of gold were produced during FY 2009.

In Q4 2009, the Ezulwini Mine sold 4,267 ounces of gold, contributing to the total gold sold by the Ezulwini Mine during FY 2009 of 10,802 ounces, compared to a plan of 19,001 ounces. The lower than planned gold sales were primarily due to limited mining activity and the processing of the low-grade surface stockpile at the Ezulwini Mine, while the shaft rehabilitation work was being completed.

As at March 31, 2009, \$185.1 million cash has been invested in capital projects at the Ezulwini Mine of which \$15.2 million (Q4 2008: \$33.5 million) and \$102.0 million (FY 2008: \$59.4 million) were invested during Q4 2009 and FY 2009, respectively, including \$30.6 million capitalized pre-production costs, pumping and other capital related costs (FY 2008: \$20.3 million). Prior to Q3 2009 the costs of production from the Ezulwini Mine were capitalized and related proceeds of sales credited against capital, as the gold processing plant was not available for commercial production. Until completion of the Ezulwini Mine capital projects, there will be additional pumping and other related costs capitalized although these costs will decrease on completion of the various phases of the capital projects. As at March 31, 2009, the remaining capital required to complete the current projects was \$31 million.

Mine Waste Solutions

	Q4 2009	Q4 2008	FY 2009	FY 2008
MWS				
Tonnes processed (000s)	1,693	1,592	6,995	4,053
Average gold recovery grade (grams/tonne)	0.19	0.28	0.19	0.22
Total ounces of gold reclaimed	10,513	7,289	43,099	28,192
Total ounces of gold sold	10,417	7,263	42,857	28,094
Average selling price per ounce (\$)	948	876	881	763
Average cost per ounce produced and sold (\$)	(412)	(489)	(418)	(590)
Average Cash Cost* per ounce (\$)	(379)	(458)	(397)	(535)
<i>(in thousands of dollars)</i>				
Revenue	9,872	6,360	37,771	21,429
Cost of sales (excluding amortization)	(3,952)	(3,329)	(17,010)	(15,025)
Amortization	(336)	(221)	(923)	(1,555)
Total cost of sales	(4,288)	(3,550)	(17,933)	(16,580)
Gross profit	5,584	2,810	19,838	4,849

*See definition of Cash Cost on page 10 of this MD&A.

Note:

For FY 2008 the results of MWS include the period as of June 1, 2007 to March 31, 2008 in the Corporation's consolidated results as the effective date of acquisition of MWS was June 6, 2007.

MWS is a uranium and gold tailings recovery operation located in the western portion of the Witwatersrand Basin, approximately 160 kilometres from Johannesburg. MWS consists of 14 tailings deposits from three gold and uranium mines that operated for 50 years. These tailings represent in excess of 355 million tonnes of mineral resources including inferred resources, of which 325 million are mineable reserves estimated to contain 55 million pounds of uranium and 3.0 million ounces of gold. The tailings dams are spread over an area that stretches approximately 13.5 kilometres north-south and 14 kilometres east-west and cover an area of approximately 1,100 hectares. The tailings dams are mined hydraulically with high-pressure water cannons.

When the Corporation's wholly-owned subsidiary, First Uranium (Proprietary) Limited ("FUSA") acquired Mine Waste Solutions (Proprietary) Limited, and its wholly-owned operating subsidiary Chemwes (Proprietary) Limited ("Chemwes") in June 2007, it acquired an existing operating gold tailings re-processing facility and a historic uranium plant, adjacent to the Buffelsfontein property. The Corporation changed its plans for the Buffelsfontein Tailings Recovery Project such that the historical and future tailings from the Buffelsfontein mine would be transported to the MWS site and processed through the existing gold plant, and subject to their commissioning, through the planned uranium recovery plant and additional gold recovery facilities.

FUSA had entered into an agreement on December 20, 2006 to acquire surface tailings from Buffelsfontein Gold Mines Limited ("BGM"), a subsidiary of Simmer & Jack (the "Buffelsfontein Tailings and Rights Agreement"). A new agreement has subsequently been entered into between Chemwes, BGM and Simmer & Jack, that reflects the change in plans, with Chemwes assuming the obligations of FUSA under the original agreement. Chemwes has also agreed to pay FUSA the amounts due to Simmer & Jack by FUSA under the Aberdeen Arrangement as described below. Chemwes has indemnified BGM against any tax liability incurred by BGM from the sale recorded on the basis that Chemwes has no liability unless the amount of any claim exceeds \$2 million and then only in respect of any amounts in excess of \$2 million.

It was originally contemplated that the transaction pursuant to the Buffelsfontein Tailings and Rights Agreement would be recognized upon the satisfaction of the conditions precedent in the Buffelsfontein Tailings and Rights Agreement, including the transfer of the mining rights to Chemwes. While the transfer of the mining rights has not yet occurred, Chemwes commenced processing and accounting for Buffelsfontein Tailings in December 2007. Consequently, Chemwes has assumed the asset retirement obligation related to the Buffelsfontein Tailings. The corresponding asset of \$10.2 million associated with

the Buffelsfontein Tailings is capitalized as part of tailings for processing under Property, Plant and Equipment and amortized over the estimated life of the Buffelsfontein Tailings. (See Note 6 to the Financial Statements.)

A loan agreement (the “Aberdeen Loan Agreement”) was entered into by Simmer & Jack with Aberdeen International Inc. (“Aberdeen”) dated March 30, 2006 pursuant to which Aberdeen provided to Simmer & Jack a loan facility in the amount of \$10 million in respect of the financing of Simmer & Jack’s acquisition of BGM and the BGM Underground Mine. As part of the consideration for the facility, Simmer & Jack granted to Aberdeen a net smelter royalty on all of the gold assets held by Simmer & Jack through BGM. The royalty as determined in the Aberdeen Loan Agreement is applicable to any gold produced by MWS from tailings acquired from BGM pursuant to the Buffelsfontein Tailings and Rights Agreement. Under the terms of the Aberdeen Loan Agreement, Aberdeen exercised its option to convert the loan of \$10 million into Simmer & Jack equity at R0.80 per Simmer & Jack share. This conversion, which required the approval of Simmer & Jack’s shareholders, was rejected by a majority of the shareholders represented at the general meeting of shareholders held on February 16, 2009. Consequently, pursuant to the Aberdeen Loan Agreement, Aberdeen is entitled to a 1.0% net smelter royalty in perpetuity on gold produced from properties held by BGM, including the Buffelsfontein Tailings.

On December 20, 2006, FUSA, Simmer & Jack and Aberdeen entered into an arrangement (the “Aberdeen Arrangement”) pursuant to which (i) Simmer & Jack confirmed that it will pay to Aberdeen the amount of any royalty owing to Aberdeen under the Aberdeen Loan Agreement in respect of gold produced from the Buffelsfontein Tailings and (ii) FUSA confirmed that it will pay to Simmer & Jack, immediately prior to any payment contemplated in (i) above, an amount equal to the amount of any royalty payment to be made by Simmer & Jack to Aberdeen in respect of gold produced from the Buffelsfontein Tailings. In connection with the Buffelsfontein Tailings and Mining Right Agreement, Chemwes agreed to honour FUSA’s obligations under the Aberdeen Arrangement and pay such amounts to Simmer & Jack.

Pursuant to the Buffelsfontein Tailings and Rights Agreement, in consideration for the cession of the Buffelsfontein Tailings and Mining Right from BGM to Chemwes as well as certain servitudes, and the right to the tailings arising from future underground mining operations by BGM at the BGM Underground Mine, Chemwes agreed to pay to BGM a royalty of 1% plus value added tax of the gross revenue earned by Chemwes from the sale of uranium, gold, sulphur and other minerals recovered from the processing of tailings acquired by Chemwes from BGM pursuant to the Buffelsfontein Tailings and Rights Agreement.

In summary, Chemwes is liable to pay: (i) to Simmer & Jack, under the Aberdeen Arrangement, 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 the above-mentioned 1% royalty pursuant to the terms of the Buffelsfontein Tailings and Rights Agreement. (See Related Party Transactions in this MD&A)

The monthly average tonnes reprocessed increased year over year, mainly as a result of the changes in the tailings area being mined from the depleted MWS No.2 tailings dam to the Buffelsfontein No.2 tailings dam. The FY 2009 average recovery grades were lower than the average recovery grades during FY 2008 due to the change in material reclaimed from the MWS No.2 tailings dam relative to the Buffelsfontein No.2 tailings dam.

During FY 2009, upgrades to the MWS No.5 tailings dam continued, including the optimization of the deposition system with cycloning technology in Q4 2009. This will result in an increase in the capacity of that dam and will postpone the requirement for an earlier commissioning of the next tailings deposition site.

Decreased throughput, grade and recovery during Q4 2009 compared to Q3 2009 were primarily the result of lower feed grade and higher clay content, combined with intermittent work stoppages due to unusually severe thunderstorms during the rainy season. Gold sold by MWS in FY2009 was 42,857 ounces compared to plan of 45,461 ounces.

A total of 43,099 ounces of gold were produced at MWS in FY 2009 at an average Cash Cost of \$397 per ounce compared to 28,192 ounces of gold produced during FY 2008 at an average Cash Cost of \$535 per ounce. The increased revenues as well as the reduction in operating costs at MWS (despite the inclusion of \$1.7 million of costs related to the Gold Stream Transaction) resulted in the significant increase in gross profit from tailings processed at MWS from \$4.8 million in FY 2008 to \$19.8 million in FY 2009.

The construction of the second gold module and the first two uranium modules of the MWS plant are continuing, with expected commissioning of the second gold module in Q2 2010 and commissioning of the first two uranium plant modules in Q3 2010. The Corporation previously reported that commissioning was scheduled for Q1 2010. Commissioning has been impacted by delays in engineering by the engineering, procurement, and construction management (“EPCM”) contractor.

As at March 31, 2009, \$129.6 million cash has been invested in capital projects at MWS of which \$22.1 million (Q4 2008: \$2.9 million) and \$109.3 million (FY 2008: \$19.7 million) were invested during Q4 2009 and FY 2009, respectively. As at March 31, 2009, the remaining capital required to complete the current projects, inclusive of the accelerated pressure leach process and final completion of the third uranium plant module as discussed on page 5 of this MD&A was \$322 million.

Results of Operations

Consolidated Results

<i>(in thousands of dollars)</i>	FY 2009	FY 2008
Group		
Revenue	47,596	21,429
Cost of sales (excluding amortization)	(37,735)	(15,025)
Amortization	(1,081)	(1,555)
Total cost of sales	(38,816)	(16,580)
Gross profit	8,780	4,849

Production increased in FY 2009 relative to the prior year, as the gold plant at the Ezulwini Mine commenced gold production in Q3 2009 and the processing of tailings at MWS continued to improve. Notwithstanding the progress made, neither the Ezulwini Mine nor MWS were operating at full production capacity during FY 2009. It is expected that operating profit and cash flow will benefit from the completion of the capital expenditure program at both operations.

Revenue for FY 2009 was generated from the sale of gold from the MWS operations and, beginning in Q3 2009, also included a limited amount of revenue from the sale of gold from the Ezulwini Mine. Prior to Q3 2009, the Ezulwini Mine was still in a ramp-up phase and did not achieve commercial levels of production. Consequently revenues from the gold sold from the Ezulwini Mine were credited against mine infrastructure costs relating to the Ezulwini Mine’s mining operations in Property, Plant and Equipment during FY 2008 and the period April 1, 2008 until September 30, 2009. Results from the mining operations at the Ezulwini Mine were only included in the consolidated results for the second half of FY 2009, but since the mine had not yet achieved full production capacity, this operation generated a substantial loss due to the mine’s fixed operating costs being spread over a limited amount of early-stage production. Gross profit from MWS increased year over year by 309% as a result of increased throughput and gold sales, but were not sufficient to offset the negative operating results from the Ezulwini Mine. The Corporation had no uranium production during FY 2008 or FY 2009.

Other income

<i>(in thousands of dollars)</i>	FY 2009	FY 2008
Other income	2,008	2,738

Other income consists primarily of fees for sludge pumping services to a third party, scrap sales and rental and dividend income at the Ezulwini Mine.

Expenditures

<i>(in thousands of dollars)</i>	FY 2009	FY 2008
General, consulting and administrative expenditures	(16,411)	(15,573)
Stock-based compensation	(6,359)	(5,125)
Pumping, feasibility and rehabilitation costs	(5,265)	(5,343)
Total expenditures	(28,035)	(26,041)
Operating loss	(17,247)	(18,454)

General, consulting and administrative expenditures for FY 2009 included \$9.1 million for employee compensation costs, consulting and professional fees (FY 2008: \$9.6 million), as well as fees charged by Simmer & Jack for services provided pursuant to the Shared Services Agreement of \$1.4 million in FY 2009 (FY 2008: \$1.4 million). (See Related Party Transactions in this MD&A)

The higher general, consulting and administrative expenses in FY 2009 primarily reflect the ongoing and increasing scope of activities, including the progression of work at the Ezulwini Mine and MWS, the costs of building the management teams in Johannesburg and Toronto, other expenses of operating a public company and the royalties and related payments made to BGM and Simmer & Jack in respect of revenues from production at MWS.

The stock-based compensation expense in FY 2009 reflects the amortized cost relating to 647,857 stock options granted during FY 2009, 2,551,433 granted during FY 2008 and 1,223,001 granted during FY 2007 as well as stock-based compensation expense relating to Simmer & Jack share options granted to First Uranium employees (See Note 19 of the Financial Statements). The fair value of the stock-based compensation was estimated using the Black-Scholes pricing model.

Pumping, feasibility and rehabilitation costs for FY 2009 were primarily comprised of the \$4.8 million (FY 2008: \$4.6 million) pumping costs expensed at the Ezulwini Mine. The Ezulwini Mine has an ongoing obligation to pump water from its underground mine irrespective of the amount of uranium or gold produced. As a result of the production of gold starting in Q3 2009 a large portion of the pumping costs are now charged to cost of sales resulting in a decrease in such costs included in the pumping, feasibility and rehabilitation expense line during the second half of FY 2009.

<i>(thousands of dollars)</i>	FY 2009	FY 2008
Operating loss	(17,247)	(18,454)
Interest income	3,439	14,847
Interest and accretion expenditures	(12,720)	(14,267)
Accretion expense on Asset Retirement Obligations	(1,511)	(896)
Fair value loss on Derivative Liability	(983)	–
Foreign exchange gain (loss)	18,404	(2,611)
Loss before income taxes	(10,618)	(21,381)

Interest income is 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 interest income in FY 2008 represents the interest earned from the proceeds of the Offering and the Debentures whereas the lower interest income in FY 2009 reflects lower excess cash balances as the remaining Offering and Debenture proceeds were applied to operating costs and to capital expenditures at the Ezulwini Mine and MWS during FY 2009.

Interest and accretion expense on the Debentures are based on the Cdn\$150 million raised from the Debenture issue in May 2007. The weaker Cdn\$ compared to the US dollar during the second half of FY 2009 resulted in lower interest and accretion expense in FY 2009 relative to the comparative period. (See Note 12 to the Financial Statements.)

The Accretion expense on Asset Retirement Obligations increased year over year due to increased mining activities at both operations which resulted in increases in their respective Asset Retirement Obligations.

The fair value loss on the Derivative Liability reflects the increase in fair value of the call options from initial recognition to the fair value at the end of FY 2009. (See Note 10 to the Financial Statements.)

The foreign exchange gain on translation of Cdn\$ and ZAR denominated accounts in FY 2009 reflects the overall weakening of the Cdn\$ against the US dollar and the weakening of the ZAR against both the Cdn\$ and the US dollar. The foreign exchange loss on translation in FY 2008 reflects the overall strengthening of the Cdn\$ against the US dollar and the overall weakening of the ZAR against the Cdn\$ and the US dollar during FY 2008.

The table below shows the exchange rate movements over the quarters of FY 2009 relative to FY 2008:

	Q4 2009	Q3 2009	Q2 2009	Q1 2009	FY 2009	FY 2008
Cdn\$ to the ZAR – closing rate	7.78	7.75	7.90	7.88	7.78	8.02
Cdn\$ to the ZAR – average rate	8.02	8.23	7.49	7.72	7.86	6.93
Cdn\$ to the US\$ – closing rate	0.80	0.82	0.96	0.99	0.80	0.98
Cdn\$ to the US\$ – average rate	0.81	0.83	0.93	0.99	0.90	0.97
US\$ to the ZAR – closing rate	9.72	9.46	8.20	7.96	9.72	8.20
US\$ to the ZAR – average rate	9.96	9.96	7.79	7.80	8.87	7.14

Loss before income taxes

(thousands of dollars)	FY 2009	FY 2008
Loss before income taxes	(10,618)	(21,381)
Income tax charge	(5,724)	(966)
Loss for the year	(16,342)	(22,347)

The loss before taxes in FY 2009 decreased year over year as a result of the significant foreign exchange gain on translation of Canadian and South African assets, liabilities, revenues and expenses converted to US dollars, which strengthened against the other reporting currencies during the year and which more than offset the decrease in interest income during the year. The Corporation reported a consolidated loss in FY 2008 that was primarily the result of operating losses for the year and a foreign exchange loss on translation during FY 2008.

The \$125 million advance payment received by MWS from GW in respect of the Gold Stream Transaction was fully taxed in FY 2009 and, when combined with various tax deductions, resulted in an income tax charge of \$4.7 million for MWS. The Corporation also provided for income tax of \$1.0 million on the Corporation's activities in South Africa based on interest earned on South African bank balances that more than offset expenses incurred on activities in South Africa.

Cash flows

The Corporation has continued to raise capital to fund the substantial capital programs at MWS and at the Ezulwini Mine. Cash flows are summarized below.

(thousands of dollars)	FY 2009	FY 2008
Cash flows (utilized in) generated from operating activities	(11,745)	6,007
Cash flows utilized in investing activities	(211,896)	(111,806)
Cash flows from financing activities	170,907	131,624
Net (decrease) increase in cash and cash equivalents for the year	(52,734)	25,825
Cash and cash equivalents at beginning of year	164,739	138,914
Cash and cash equivalents at end of year	112,005	164,739

The cash utilized in operating activities during FY 2009 was primarily attributable to the overall increase in operating costs, which more than offset the cash generated from gold sales. The cash generated from operating activities during FY 2008 was mainly the result of the net interest earned on cash balances during the year and the payment by Simmer & Jack of an outstanding receivable.

The cash utilized in investing activities in FY 2009 includes the capital expenditures of \$211.3 million (\$102.0 million and \$109.3 million at the Ezulwini Mine and MWS, respectively). The cash utilized in investing activities during FY 2008 primarily comprised capital expenditures of \$93.0 million at the Ezulwini Mine and \$19.7 million at MWS.

The cash from financing activities is attributable to \$123.3 million net proceeds received from GW pursuant to the Gold Stream Transaction and \$47.6 million net proceeds raised from the Private Placement. Cash generated during FY 2008 from financing activities primarily represented \$130.6 million of net proceeds raised from the Debentures.

Financial Position and Liquidity

Assets

Cash and cash equivalents decreased by \$52.7 million to \$112.0 million as at March 31, 2009. The decrease was primarily the net result of the capital expenditures of \$211.3 million at the Corporation's two operations, offset by \$170.9 million net proceeds raised from the Gold Stream Transaction and the Private Placement.

Accounts receivable of \$8.8 million at March 31, 2009 (FY 2008: \$9.7 million) were primarily comprised of \$7.5 million (FY 2008: \$6.5 million) of value-added tax and goods and services taxes recoverable, relating to the ongoing capital expenditures on the projects, and \$1.1 million in trade receivables from the sale of gold (FY 2008: \$3.1 million).

Inventories of \$3.9 million at the end of FY 2009 (FY 2008: \$2.8 million) include \$2.6 million of spares and consumables and \$0.9 million of gold work-in-progress (FY 2008: \$1.6 million). At the end of FY 2009 the Corporation also had surface stockpiles at the Ezulwini Mine measured and valued at \$0.4 million (FY 2008: \$0.7 million).

Property, plant and equipment increased to \$436.3 million at March 31, 2009 (FY 2008: \$204.7 million) representing capital expenditures at the Corporation's two mining operations of which \$252.9 million (FY 2008: \$124.6 million) relates to the Ezulwini Mine and \$182.8 million (FY 2008: \$77.9 million) to MWS.

Cash capital expenditures at the Ezulwini Mine of \$102.0 million for FY 2009 reflect additions to mining infrastructure and construction of the gold and uranium plants (FY 2008: \$93.0 million). At MWS, cash capital expenditures of \$109.3 million for FY 2009 were mostly related to the construction of the second gold module and the first two uranium modules of the MWS plant (FY 2008: \$19.7 million).

The asset retirement funds in FY 2009 of \$4.7 million (FY 2008: \$4.8 million) comprise of \$2.6 million relating to the Ezulwini Mine and \$2.1 relating to MWS.

The \$0.8 million loan to a related party represents the loan advanced to the President and Chief Executive Officer on October 17, 2007 (FY 2008: \$1.0 million). (See Note 28 to the Financial Statements.)

Liabilities

At March 31, 2009, total liabilities were \$296.4 million (FY 2008: \$155.3 million), consisting of \$115.7 million of deferred revenue from the Gold Stream Transaction (see Note 11 to the Financial Statements), the \$89.0 million debt portion of the Debentures (FY 2008: \$100.0 million) (see Note 12 to the Financial Statements), accounts payable and accrued liabilities of \$40.5 million, the asset retirement obligation of

\$24.5 million, the derivative liability of \$8.8 million pursuant to the Gold Stream Transaction (see Note 10 to the Financial Statements), a future tax liability of \$8.6 million relating to the MWS operations (FY 2008: \$10.6 million), an income tax liability of \$7.0 million, a liability of \$1.4 million pursuant to the Toll Treatment Arrangement and the payable to a related party of \$0.9 million (FY 2008: \$0.5 million).

Included in the accounts payable and accrued liabilities of \$40.5 million (FY 2008: \$23.5 million) at the end of FY 2009 was \$5.6 million and \$20.2 million of payables related to the capital expenditures incurred at the Ezulwini Mine and MWS, respectively, as well as trade payables of \$7.6 million and \$5.3 million related to the Ezulwini Mine and MWS operations.

The asset retirement obligations increased to \$24.5 million (FY 2008: \$19.9 million) during the year primarily as a result of an increase in mining activities at the Ezulwini Mine and MWS during the year (See Note 13 to the Financial Statements.)

The future tax liability of \$8.6 million (FY 2008: \$10.6 million) consists of a \$9.8 million liability arising from the MWS acquisition in FY 2008 that was reduced with the net future tax asset of \$1.3 million deferred tax asset arising from the GW proceeds received during FY 2009.

The income tax liability of \$7.0 million (FY 2008: \$0.8 million) is primarily the result of the income tax payable by MWS resulting from the \$125 million advance payment received being fully taxed in FY 2009.

The \$1.4 million liability relates to the Corporation's obligation to fund a portion of the costs of the plant constructed by a third party calciner and a road tanker to transport yellowcake pursuant to the Toll Treatment Agreement that was effective as of January 5, 2009. (See Note 22 to the Financial Statements.)

At March 31, 2009, the payable to a related party of \$0.9 million (FY 2008: \$0.5 million) resulted from transactions pursuant to the Shared Services Agreement between First Uranium and Simmer & Jack, which were incurred in the normal course of business. (See Related Party Transactions in this MD&A.)

Liquidity and Capital Resources

At March 31, 2009, First Uranium had working capital of \$67.5 million (FY 2008: \$152.4 million). The decrease in working capital from FY 2008 is primarily attributable to the \$211.3 million cash utilized to fund operating and capital activities at the Corporation's two operations, partially offset by the net proceeds from the Gold Stream Transaction and the Private Placement.

As at the end of FY 2009, the Corporation had \$26.3 million outstanding commitments of which \$2.0 million related to the Ezulwini Mine and \$24.3 million to MWS. The commitments at the Ezulwini Mine are comprised primarily of \$0.4 million relating to the remaining work to complete the shaft refurbishment and rehabilitation and \$1.0 million to complete the commissioning of the uranium plant. The commitments at MWS are comprised primarily of \$21.1 million relating to the construction and commissioning of the second gold module and the first two uranium modules.

The Corporation's current cash resources along with working capital will be sufficient to fund the above-noted short-term capital requirements.

As at March 31, 2009, the Corporation's cumulative cash capital investments relating to its two projects were \$314.7 million (as at March 31, 2008: \$103.4 million). The remaining capital required to complete the current projects at the Ezulwini Mine and MWS were \$31 million and \$322 million, respectively.

At the end of FY 2009, \$3.4 million capital had been expended (FY 2008: \$0.9 million) on the approved exploration budgets of \$10 million for the contiguous properties to the north-east and south-east of the Ezulwini Mine and \$30 million for the Ezulwini Mine. The timing and extent to which these budgeted amounts are spent depends on the ongoing exploration results and cash resources. As at March 31, 2009 no current commitments relating to exploration work existed (FY 2008: \$0.6 million).

During May 2008, the Corporation agreed to lease ten self contained diesel powered generating sets (gensets) of 1 MW each for an initial term of eighteen months. The total rental charge is \$1.62 million for the first twelve months, reducing to \$1.5 million thereafter. After the initial eighteen months period, the Corporation has the option to extend the lease agreement period for up to sixty months, in successive twelve month periods. The Corporation is also obligated to pay a monthly fixed charge of \$25,000 and a running hourly charge of EUR11.30 (\$15.93). These charges are subject to indexation based on consumer prices. The Corporation is also responsible for \$75,000 mobilization charges and \$56,250 demobilization charges per shipment. The gensets are connected into the mine supply grid and are ready for use should the need arise. The total rental and fixed charges for the initial eighteen month period are estimated at \$2.2 million and \$0.5 million, respectively. During FY 2009 the Corporation paid \$1.0 million toward the cost of this lease. (See Note 25 to the Financial Statements.)

In December 2008 Auramet Trading LLC ("Auramet") served a statement of claim on the Corporation. Auramet claims a fee in the amount of \$3.25 million in connection with the Gold Stream Transaction. On February 2, 2009 the Corporation served and filed a statement of defense denying any liability. While the final outcome cannot be determined at this early stage, the Corporation believes that the claim is without merit.

As at March 31, 2009, First Uranium had the following contractual obligations:

(thousands of dollars)	Payments due by date				
	Less than 1 year	1-3 Years	4-5 Years	After 5 Years	Total
Operating leases	1,586	455	—	—	2,041
Capital leases	382	764	763	668	2,577
Purchase obligations	26,293	—	—	—	26,293
Asset retirement obligations	—	2,791	1,865	24,730	29,386
Senior unsecured convertible debentures	5,104	10,209	122,643	—	137,956
Total contractual obligations	33,365	14,219	125,271	25,398	198,253

Construction of large, complex capital projects such as those underway at the Ezulwini Mine and MWS are subject to various risks, inclusive of completion delays and resultant variances in costs relative to budgeted amounts and delays in expected cash inflows from commencement of mining activities. Notwithstanding, the Corporation believes that the current available cash resources, including the proceeds of the Bought Deal, and internally generated cash from the production and sale of gold and uranium at both the Ezulwini Mine and MWS will provide sufficient funding to complete the near-term development, construction and exploration activities. However, should First Uranium in future determine that the funding is not sufficient, the Corporation will at that time reprioritize development and expansion activities.

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
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)
December 31, 2007	6,633	(3,998)	(0.03)	404,555	(128,182)
September 30, 2007	6,253	3,051	0.02	389,554	(117,349)
June 30, 2007	2,183	5,471	0.04	373,549	(109,381)

Fourth Quarter Results

During Q4 2009, the Corporation generated \$9.9 million revenue (Q4 2008: \$6.4 million) from gold sales at MWS at a total cost of \$4.3 million resulting in \$5.6 million gross profit. The Ezulwini Mine generated \$3.9 million revenue during Q4 2009 at a total cost of \$8.8 million resulting in a gross loss of \$4.9 million.

The operating loss for Q4 2009 of \$5.7 million was 33% lower than the operating loss in Q4 2008. The Q4 2009 general, consulting and administrative expenses, stock-based compensation and pumping and rehabilitation costs approximated the Q4 2008 expenses but as a result of the significant strengthening of the US dollar against both the ZAR and the Cdn\$ expenses on translation to the US dollar reflect lower expenses to that of the comparative period.

The Corporation recorded a consolidated loss in Q4 2009 of \$10.7 million, which is significantly lower than the consolidated loss in Q4 2009 primarily as a result of the foreign exchange gain on translation of Canadian and South African assets, liabilities, revenues and expenses converted to the US dollars, which strengthened against the other currencies particularly during the last quarter of the year, compared to the significant foreign exchange loss on translation in FY 2008.

Cash flows utilized in operating activities was \$11.0 million in Q4 2009 compared to \$13.9 million in Q4 2008. The decrease reflects the increase in revenue at MWS and the commencement of gold production and delivery at the Ezulwini Mine.

Cash used in investing activities was \$36.9 million in Q4 2009 compared to \$36.8 million in Q4 2008 which reflects the comparative capital expenditure at the Ezulwini Mine as well higher capital expenditure at MWS compared to the comparative period.

During Q4 2009, cash from financing activities increased by \$120.9 million, which comprise the net proceeds of \$73.3 million from the balance payment pursuant to the Gold Stream Transaction and net proceeds of \$47.6 million from the Private Placement.

Outlook

Ezulwini Mine

At the Ezulwini Mine, with the 200,000 tonnes per month gold plant and half of the 100,000 tonnes per month uranium plant now constructed and commissioned, much of the surface work in the mine plan is complete. The fourth and final mill is installed and its commissioning is underway in June 2009, increasing the total milling capacity at the Ezulwini Mine to 200,000 tonnes per month.

With the first stream of the uranium plant now commissioned, the focus will be on completing the second stream in FY 2010, well in advance of the need for it, as hoisting of the uranium-bearing ore from the Middle Elsburg ore body is only expected to exceed 50,000 tonnes per month in the following fiscal year.

While uranium and gold sales were restricted in the early stages of this mine as a result of delays in the commissioning of the gold and uranium plants and limited mining due to the decision to focus on shaft rehabilitation, the critical elements of that project are now complete and the focus has shifted back to underground mine development and ramping up underground production of mineral-rich ore. The increase in mine production is expected to be gradual over several years. Until full underground production is reached, the spare plant capacity should allow gold production shortfalls in FY 2009 and uranium production shortfalls caused by the delay in plant commissioning to be recovered by processing ore stockpiles and ore already loaded in the system during commissioning.

MWS

At MWS, management previously estimated that the second gold plant module and the first two uranium plant modules would commence commissioning in Q1 2010 to be completed in Q2 2010. Consistent with that commissioning schedule, the second gold plant module is expected to produce gold on carbon by the end of Q2 2010. Production of yellowcake from the first two uranium modules at MWS, however, is expected to only commence in Q3 2010 due to delays in project design, which in turn postponed the procurement of construction materials.

For the final phase of construction, management has decided to delay portions of the third uranium plant module until such time that higher uranium prices are expected to occur. Management plans to reconfigure the plant design and change the mine plan to achieve approximately 91% of the previously planned life of mine uranium production resulting in a more efficient capital investment program and optimized cash flow profile. The new plan requires an immediate start to the construction of the third gold plant module as well as the third stream of the uranium flotation plant, which will be used to optimize flotation mass pull and thereby uranium grades delivered to the plant. Inception of the third stream of the uranium flotation plant is expected to ensure that planned life of mine gold production will be realized in all material respects. Management also plans to accelerate the change from an atmospheric leach process to a pressure leach process concurrent with the commissioning of the third gold plant module. The acceleration of the pressure leach process is expected to enhance gold recoveries and reduce operating costs significantly.

For the construction and operation of this final phase of the MWS plants management has recently received updated capital and operating cost estimates which were higher than were originally estimated two years ago. The total capital cost of the MWS plants, inclusive of the accelerated pressure leach process and final completion of the third uranium plant as discussed on page 5 of this MD&A, is expected to be approximately \$451.6 million, which is calculated using a March 31, 2009 rand/dollar exchange rate of 9.72. The consent of Eskom to supply power to MWS has reduced the projected operating costs in the short term by reducing the need to generate power on site with diesel generators. However, this has been offset by unexpected price increases, notably cyanide, projected over the life of the project. As a result, the operating cash cost for MWS on a co-product basis is expected to average \$319 per ounce of gold and \$25 per pound of uranium over the life of the project.

Uranium contracts

Contracts to sell uranium to nuclear utilities are expected to be negotiated by the end of FY 2010, once management is sufficiently satisfied that the Corporation's uranium plants can produce enough uranium to fulfill these contracts.

Acid

First Uranium's consideration in FY 2009 to construct an acid plant at one of its operations, was prompted by rising prices for sulphuric acid. Recent declines in acid prices have prompted the Corporation to defer its decision to build an acid plant for the foreseeable future. On May 11, 2009, management entered into a 36-month strategic supply agreement with Petronex (Pty) Ltd for the guaranteed supply of sulphuric acid.

Power

In FY 2010, First Uranium expects to be able to run its operations, including the additional mill at the Ezulwini Mine and the MWS plants that are yet to be commissioned without having to run its backup power system of diesel generators, as power supply from Eskom is sufficient due to the decline in demand by other heavy power consumers in South Africa. The 10 MW leased generators and the four 3.5 MW legacy generators at the Ezulwini Mine are connected and ready to use at a moment's notice. Although tested regularly, the mine has not yet had to use these backup units. Similarly, a 30 MW power plant has been installed at MWS.

Cost expectations

While acid and power costs are expected to be lower than plan in FY 2010, other costs have risen substantially including the cost of other re-agents.

Growth opportunities

First Uranium's primary focus is on the completion of the capital projects and increasing production at its existing operations. Beyond that, the Corporation has identified several avenues of growth including acquisition of uranium mines in North America and regional consolidation in South Africa. In North America, the Corporation continues to assess uranium projects based on certain criteria including being within two to three years of commencing production, low-cost and accretive. In South Africa, the Corporation is seeking and assessing synergistic and/or strategic acquisitions and/or partnerships. At the same time several South African projects in close proximity to the Corporation's operations are becoming more attractive, thus shifting the emphasis of First Uranium's growth agenda.

Technical Disclosure

All updates to the technical disclosure in this MD&A relating to the MWS operation has been reviewed and approved by James Fisher, EVP Corporate Development of First Uranium. Mr. Fisher is a Chartered Engineer, a Fellow of The Institute of Materials, Minerals and Mining, a member of the South African Institute of Mining and Metallurgy and a "qualified person" under NI 43-101 with regard to these updates.

Related Party Transactions

During FY 2009, the Corporation paid \$2.1 million to Simmer & Jack pursuant to the Shared Services Agreement (FY 2008: \$2.3 million), \$0.7 million of which were fees charged by Simmer & Jack related to technical services provided to the Ezulwini Mine and MWS in respect of Simmer & Jack technical personnel that were capitalized (FY 2008: \$0.9 million). For a description of the Shared Services Agreement, see the Corporation's Annual Information Form ("AIF") for 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 FY 2009 the Corporation paid \$0.2 million to Simmer & Jack in connection with such services (FY 2008: \$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 he and his family to Toronto, where the corporate office is located. The loan carries interest at 4% payable monthly in arrears, is 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 \$0.04 million (FY 2008: \$0.02 million) during FY 2009.

Pursuant to the Buffelsfontein Tailings and Rights Agreement and the Aberdeen Arrangement (Refer to the Corporation's AIF for 2009 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 FY 2009 the total royalties and payments were \$0.2 million (FY 2008: \$0.06 million).

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Note 2 to the Financial Statements describes the Corporation's significant accounting policies.

Property, plant and equipment

The cost of an item of property, plant and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Corporation; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

Property, plant and equipment are carried at cost less accumulated amortization and any impairment losses.

Amortization is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value. See Note 2.5 to the Financial Statements for detail.

Exploration costs incurred to the date of establishing that a property has mineral resources, which have the potential of being economically recoverable, are expensed. Exploration and development expenses incurred subsequent to this date are capitalized. If the project becomes feasible, the costs are amortized over the life of the mine. If the project is stopped, the costs are written off immediately.

Management carries out a review at each financial year-end to determine the appropriateness of the residual value and the useful life of each asset.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is amortized.

The amortization charge for each period is recognized in earnings or loss unless it is included in the carrying amount of another asset.

Asset retirement obligations

The Corporation recognizes the fair value of a future asset retirement obligation as a liability in the year in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The Corporation concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at credit adjusted risk-free interest rate. Provision is made in full for the estimated future costs of pollution control and rehabilitation, in accordance with statutory requirements. The fair value of asset retirement obligations is recognized and provided for in the financial statements and capitalized to mining assets when incurred.

Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

Changes in the obligation due to the passage of time are recognized in income as an operating expense using the interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the long-lived asset that is depreciated over the remaining life of the asset.

Annual increases in the provision are accreted into income and consist of financing costs relating to the change in present value of the provision and inflationary increases in the provision estimate. The present value of additional environmental disturbances created is capitalized to mining assets against an increase in rehabilitation provision.

Stock-based compensation

The Corporation accounts for all stock-based payments under the fair value based method using the Black-Scholes pricing model. Under the fair value based method, compensation cost is measured at fair value at the grant date. Compensation cost is recognized in earnings on a straight-line basis over the relevant vesting period, with a corresponding adjustment to contributed surplus. Upon the exercise of a stock option, share capital is recorded at the sum of the proceeds received and the related amount of contributed surplus. The fair value attributable to stock options that expire unexercised is credited to contributed surplus. The fair value relating to forfeited stock options is debited to contributed surplus and credited to the statement of operations and deficit, and comprehensive loss.

Changes in accounting policies

Inventories

Effective April 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3031 - *Inventories*. The standard provides guidance on the types of costs that can be capitalized and requires reversal of previous inventory write-downs if economic circumstances have changed to support the higher inventory values. There was no impact on the valuation of inventory as at April 1, 2008, or on net income for current or prior periods.

Capital Disclosures

Effective April 1, 2008, the Corporation adopted the CICA Handbook Section 1535 - *Capital Disclosures*. The standard requires disclosure about the Corporation's capital and how it is managed. This standard has no impact on the classification or measurement of the Corporation's consolidated financial statements.

Financial Instruments Disclosures and Presentation

Effective April 1, 2008, the Corporation adopted CICA Handbook Section 3862 - *Financial Instruments – Disclosures* and Section 3863 - *Financial Instruments – Presentation*. These new standards require disclosure on financial instruments and related risks. These standards had no impact on the classification or measurement of the Corporation's consolidated financial statements.

Going Concern

Effective April 1, 2008, the Corporation adopted an amendment to CICA Handbook Section 1400 - *General Standards of Financial Statement Presentation* in relation to going concern. The amendment requires management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast substantial doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. This new section had no impact on the Corporation's results.

Future and new accounting standards

The CICA issued the following amendments to the accounting standards for periods beginning on or after January 1, 2009;

Goodwill and Intangible Assets

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 Corporation is in the process of assessing the impact for its 2010 financial year.

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 becomes effective for the Corporation's first quarter of Fiscal 2010 and is required to be applied retrospectively without restatement of prior periods. The Corporation does not anticipate that the adoption of this standard will impact the valuation of its financial assets or liabilities.

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. The Corporation is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

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

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 ("IFRS"). These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 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.

IFRS

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that changeover for publicly-listed companies to adopt IFRS, replacing Canadian GAAP, will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. In the case of First Uranium, the transition date will be April 1, 2011 and will require the restatement, for comparative purposes, of amounts reported by the Corporation for its fiscal year ended March 31, 2011.

Management is in the process of assessing the impact of conversion from Canadian GAAP to IFRS and has to date established the following:

All of First Uranium's subsidiaries (directly and indirectly owned) are (and have been since the listing of the Corporation on the TSX in December 2006) subject to Canadian GAAP.

Simmer & Jack, who was the Corporation's controlling shareholder until February 2009, are also subject to IFRS. As a result, First Uranium has been required to provide Simmer & Jack with consolidated financial statements in accordance with IFRS for their reporting purposes and the Corporation intends to continue this process even though Simmer & Jack is no longer the controlling shareholder of First Uranium.

Therefore the Corporation's financial reporting systems and processes already take both Canadian GAAP and IFRS into consideration and the staff involved in the financial reporting process are knowledgeable on IFRS.

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.

The Canadian Securities Administrators (CSA) in Staff Notice 52-321 – *Early adoption of International Financial Reporting Standards, use of US GAAP and reference to IFRS-IASB* also indicated that the CSA would be prepared to provide exemptive relief to a Canadian reporting issuer permitting it to prepare its financial statements in accordance with IFRS for financial periods beginning before January 1, 2011, should the issuer apply for such an exemption.

Over the course of FY 2010 the Corporation will evaluate the alternatives and analyze the impact upon the implementation of IFRS.

Outstanding Share Data

	FY 2009	FY 2008
Common shares outstanding at beginning of year	131,074,037	121,686,047
Shares issued during the year	20,500,000	9,387,990
Common shares outstanding at end of year	151,574,037	131,074,037
Unexercised stock options outstanding at end of year	3,588,194	3,438,956
Average strike price of outstanding options (Cdn\$)	7.79	9.13

As at June 16, 2009, First Uranium had 166,824,037 common shares outstanding and there were 3,548,194 unexercised stock options outstanding at an average strike price of Cdn\$7.79 per share.

As at March 31, 2009 and June 16, 2009, First Uranium also had Cdn\$150 million (approximately \$120.1 million as at March 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 that are beyond First Uranium's control, including:

- demand and prices for the Corporation's future production of uranium and gold;
- the consistent supply of sufficient electrical power;
- the consistent supply of sufficient sulphuric acid;
- the cost of other re-agents used by the Corporation in the process to extract uranium and gold;
- government legislation regarding mining companies in South Africa;
- securities regulation regarding public listed companies in Canada and South Africa;
- foreign exchange and interest rates;
- 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; 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 stages 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 Corporation's most recent AIF, which is available on the Corporation's website www.firsturanium.com and on www.sedar.com or upon request from the Corporation.

Business Risks

Simmer & Jack

Simmer & Jack and First Uranium share the Chair of the Board and the same President & CEO, as well as several services that benefit both companies.

In addition, Simmer & Jack maintains a significant interest in the Corporation, which investors view as an overhang on the value of the Corporation's shares in the event that Simmer & Jack should decide to further dilute their shareholding in the Corporation.

First Uranium also relies on Simmer & Jack for the majority of its BEE credentials, among other things.

Black Economic Empowerment ("BEE") Requirements

Although compliant with BEE 2009 requirements for shareholder representation of 15%, the proportion of BEE holdings in the Corporation's shares have recently declined to approximately 16% as a result of recent equity financings by the Corporation and Simmer & Jack. Both the Corporation and Simmer & Jack are considering securing more investment interest in their companies by BEE investors in advance of the higher 2014 shareholder representation requirement of 26%.

Failure to comply with BEE requirements complicates the ability of applicants to obtain and retain mining and prospecting rights.

Mining and Prospecting Rights, Licenses and Titles

The Corporation has not obtained all mining rights and government approvals required to develop its proposed uranium and gold project at MWS. The Corporation will make significant expenditures in respect of MWS prior to it obtaining the mining rights necessary to construct and operate its project.

Gold Stream Transaction Obligations

If the MWS Project experiences construction delays, including labour stoppages, delays supplies of goods and services or lack of availability of equipment, it may impact Chemwes' ability to meet certain obligations under the Gold Stream Transaction. The terms of the Gold Stream Transaction require that the date the third module is to be completed is no later than June 1, 2010 (the "Construction Completion Date") and Chemwes must satisfy certain technical criteria within certain time frames once the construction of the third module is completed. If MWS does not complete construction of the third module by the Construction Completion Date, at GW's election, Chemwes will be required to refund to GW \$42 million. However, if Chemwes subsequently completes the construction and fully satisfies the technical criteria within one year or two years of the election, GW will be obligated to repay to Chemwes \$30 million or \$20 million, respectively. (See also Note 11 to the Financial Statements)

Senior Management

As a new company with a small management team, First Uranium is dependent on certain key management personnel for the successful operation of the business. Loss of key personnel could harm the Corporation's operations and financial condition.

Business Interruption

The Corporation is exposed to risks that could interrupt its business. One of the Corporation's two projects, the Ezulwini Mine, is an underground mine that has historically had ground movement problems in the Upper Elsburg shaft pillar. On one occasion it was necessary to cease shaft operations and excavate the lava unit around the shaft to reinstall the necessary shaft hardware. To eliminate the ground control problems in the shaft area, the Corporation is executing its plan to mine out the shaft pillar and to stabilize the main shaft.

There is a risk of flooding at the Ezulwini Mine, where the Corporation pumps approximately 65 million litres of water from the site every day. The pumps are well maintained and there are several contingency arrangements including multiple power sources, large diesel generators, back-up pumps and catch basins in the event of failure of the main pumps. The mine has never been flooded, including during the period of 2001 through 2006 when the mine ceased operations and was on care and maintenance.

Disclosure

The Corporation is required to comply with securities reporting legislation and accounting standards in Canada and South Africa. To ensure that First Uranium meets its regulatory obligations and mitigate risks associated with inaccurate or incomplete disclosure, the Audit Committee is responsible for reviewing and assessing the quality and integrity of the Corporation's continuous disclosure documents. The Corporation is also in the process of implementing a disclosure policy.

Insurance

First Uranium's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable. The Corporation makes its insurance decisions based on the likelihood of any risk occurring, the cost of the insurance and the Corporation's tolerance for risk.

Financing

Management has considered the recent market turbulence arising from the credit crises and taken the related risks into consideration and is carefully monitoring future developments, the impact they may have on the Corporation's operations, financial condition and outlook and is actively assessing non-critical capital expenditures and opportunities to reduce overheads and operating costs and improve returns.

The completion of the Private Placement, the proceeds from the Gold Stream Transaction and the completion of the Bought Deal is expected to mitigate the financing risk that would otherwise confront the Corporation in the near term.

Foreign Currency Exchange Rates

The Corporation has exposure to the risk of significant change in foreign currency exchange rates between US dollars, Canadian dollars and the South African rand. Most of the Corporation's expenses are currently in rand. The Corporation's current and future gold and uranium production will be sold in US dollars. As a result, an increase in the US dollar value relative to the rand would decrease profitability. In addition, the Corporation runs a small office in Canada and also holds Debentures that is Canadian dollar denominated, which will result in increased expenses and increased liabilities in the case of any further increases in the value of the Canadian dollar relative to the US dollar as the Corporation's reporting currency is in US dollars.

Litigation

From time to time, the Corporation is involved in litigation, investigations, or proceedings related to claims arising out of its operations in the ordinary course of business. In the opinion of the Corporation's management, these claims and lawsuits in the aggregate, even if adversely determined or settled, will not have a material effect on the consolidated financial statements.

Operational Risks

Mining

The business of mining generally involves a high degree of risk and First Uranium has a limited operating history. No assurance can be given that the development and bringing into commercial production of a mine or tailings processing facility will be completed as contemplated and for the estimated capital costs or within the estimated schedule. Also, no assurance can be given that the intended production schedule, metal recoveries, estimated operating costs and/or that profitable operations will be achieved.

Confidence in Resources

The economic analysis for the Ezulwini Mine is based, in part, on inferred resources, and is preliminary in nature. Inferred resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as mineral reserves. There is no certainty that the reserves, development, production and economic forecasts on which such preliminary assessments are based, will be realized.

Labour

The Corporation will employ most of its labour at its two operations. There has historically been much higher employment in the areas in which the two operations are situated and management does not consider availability of general labourers a risk. The higher demand for uranium, gold and other metals has raised the demand for skilled professionals, such as mining engineers, metallurgists and geologists.

The cost of labour is a risk since labour costs have risen significantly from the last time uranium mines were in production at these sites. Higher costs have been identified and factored into the economic forecasts for these operations.

A trend that could increase risk for the Corporation is the heightened labour unrest in South Africa. Workers at various South African mining operations have been demanding, through their unions, higher compensation as a result of increased revenues in the mining sector being driven by rising mineral prices. The Corporation has been threatened with strike-actions during some of the negotiations. First Uranium has mitigated the threat of work stoppages by negotiating two-year settlements in 2008 with unions representing workers at its operations.

Similarly, workers in other industries have been demanding higher compensation and threatening strike action. One such example is the strike by petroleum workers in early August 2007, which limited the supply of petrol. Strikes in the public sector and service industries, if protracted, also have the potential to disrupt the development of the Corporation's two projects. No material delays have been experienced to date.

South Africa has significantly higher HIV infection rates than those prevailing in North America and Europe. Current and future First Uranium employees may have or could contract this potentially deadly virus. The prevalence of HIV could cause the Corporation to sustain higher costs to replace sick employees.

Operational safety is considered a top priority by management and the Board has established an Environmental, Health and Safety Committee. The Committee has the responsibility to review and make recommendations regarding the Corporation's health and safety programs and compliance issues.

Power

Power outages beset South Africa in early 2008 and have continued sporadically in 2009, causing disruption in business activities. In 2008, coal-fed power stations ran low on fuel and several power-generating facilities were down for maintenance. No significant new power-generating facilities are expected to start up in South Africa until 2012.

On January 24, 2008, Eskom advised that continuity of electric power supply could not be guaranteed. Specific warnings were communicated to South African mining companies, including the Corporation. To mitigate the impact of further power restrictions, the Corporation added power generation to its two operations, including the purchase a 30 MW power plant and the lease of 10 MW diesel-fired generators, which will secure a total capacity of 24 MW of power at the Ezulwini Mine and 30 MW of power at MWS.

The supply of power from Eskom has recently increased, aided by the sluggish economic growth in South Africa and the curtailment of production by high-demand users such as smelter operations in the mining industry. Eskom is expected to implement significant electricity price increases, but Eskom's supply remains at a significantly lower cost than diesel-generated power.

Acid

In 2008, reduced availability of electrical power in South Africa caused cutbacks in the operation of smelters and other facilities that produce sulphuric acid as a by-product. The reduced supply of acid, increases in the cost of elemental sulphur (which is used to produce acid) and increased demand for acid in the base metal sector and for fertilizer production led to rapidly increasing global acid prices. The Corporation has assessed and confirmed the economic viability of constructing an acid plant to provide the required sulphuric acid for its operations and to mitigate the effects of supply constraints and rapidly rising costs for acid.

During 2009, the acid supply in South Africa improved and prices have significantly declined. The Corporation is actively securing long-term supply contracts at reduced prices and has indefinitely deferred its intention to build its own acid plant.

Construction Costs

First Uranium is in the development stage and is continuing construction of additional gold and uranium modules at the MWS plant. To complete the construction of the additional plant modules requires steel, concrete and construction tradespeople. In 2008, with the vast amount of construction underway in South Africa, materials and construction tradespeople were difficult to acquire and retain, particularly in light of the upcoming World Cup of soccer in South Africa in 2010 and due to the high metal prices, which was driven by the demand for new mines and plants around the world.

For MWS, all of the required materials to construct the second gold module and the first two uranium modules of Phase 1B have been secured, whereas the materials for Phase 2 have not yet been secured.

In late 2008, the supply and cost of construction materials began to ease as a result of the global economic crises, although some challenges remain. Many suppliers with manufacturing facilities that expanded during the period of escalating demand, are now faced with declining demand, high fixed costs of running the expanded facilities and, thus, higher unit costs and are still demanding high prices to cover their costs.

Fuel

Rising costs of fuel impact the costs of running the plants and the transportation of labour and materials to the sites and eventually the costs of moving rock from the underground mine and the metals that are to be produced at both operations. Higher costs of other fuels have increased the demand for uranium, offsetting the negative impact of the increase in the costs of these fuels in the Corporation's operations.

As a result of the Corporation's decision to install diesel-fired generators, it will be exposed to changes in the availability and price of diesel fuel. Close geographic proximity to a government source of fuel provides the Corporation with some confidence in its ability to source some of its diesel fuel requirements domestically, but it may also have to transport diesel fuel from South African ports. To mitigate the risk of price escalation for the transport of diesel fuel, the Corporation will seek long term transportation contracts.

The Corporation had factored additional costs into the economic models at both operations for the expected need to run its diesel generators to fill peak electricity demand, in the event that Eskom fails to provide sufficient power. To date, the Corporation has not yet had to use its diesel-fired generators and has, therefore, kept costs for electricity below planned levels.

Securing Permitting for Tailings Deposition Areas

The success of MWS is, in part, dependent on the permitting of sufficient tailings deposition areas. While one such deposition area was acquired in June 2007, the Corporation requires permitting for one additional deposition area in the next year. Failure to acquire permitting for such an area on schedule could delay production of uranium and gold at this operation.

Environmental and hazardous materials

Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products and hazardous materials occurring as a result of mining and production. First Uranium cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its operations' results.

First Uranium's proposed mining projects are subject to the risk of uranium exposure. The Corporation has put systems in place to manage exposure to uranium or uranium metal and no known exposures have occurred at First Uranium to date. Exposure by First Uranium's employees, however, could result in the Corporation having to incur extra compensation costs.

Market risks

Uranium and Gold Prices

First Uranium's future revenues will be directly related to the world market prices of uranium and gold as its revenues will be derived primarily from gold and uranium mining. Uranium and gold prices can be subject to volatile price movements, which can be material and can occur over short periods of time and are affected by numerous factors beyond First Uranium's control.

If, after the commencement of commercial production, uranium and/or gold prices fall below the costs of production at First Uranium's operations for a sustained period, it may not be economically feasible to continue production at such operations. This would materially and adversely affect production, profitability and First Uranium's financial position. A decline in uranium and/or gold prices may also require First Uranium to write down its mineral reserves and mineral resources, which would have a material adverse effect on its earnings and profitability. First Uranium's future profitability may be materially and adversely affected by the effectiveness of any hedging strategy. Apart from the Gold Stream Transaction, the Corporation currently does not hedge any of its future gold and uranium production, although should circumstances in future so warrant (including the need to obtain debt financing), First Uranium may hedge future production.

In November 2008, the Corporation entered into the Gold Stream Transaction to sell approximately 6% of its expected life-of-mine gold production at the lesser of \$400 per ounce of gold or spot price. See also Note 11 to the Financial Statements.

According to UxC, the spot price for uranium ranged between \$42 and \$65 per pound during FY 2009 but the more indicative price for establishing contracts is the term price which has ranged between \$70 and \$90 per pound during FY 2009. As of June 16, 2009, the uranium spot price was \$53 per pound and the term price was \$65 per pound. The spot price for gold ranged between \$712.50 and \$989 per ounce during FY 2009. As of June 16 2009, the gold spot price was \$934 per ounce. Apart from the Gold Stream Transaction, the Corporation has no plans to hedge the price it receives for its gold or uranium production at this time.

Public Perception and Acceptance of Nuclear Energy

Growth of the uranium and nuclear power industry will depend, amongst other factors, upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could impact the continuing acceptance of nuclear energy and the future prospects for nuclear power generation, which may have a material adverse effect on First Uranium.

Uranium and Gold Industry Competition

International uranium and gold industries are highly competitive. There is no guarantee that First Uranium will be able to compete successfully with other mining companies, particularly the larger, seasoned mining companies. The Corporation cannot assure that it will be able to compete successfully with its competitors in developing or acquiring uranium or gold projects or in attracting and retaining skilled and experienced employees.

First Uranium intends to market its uranium in a number of potential markets in direct competition with supplies available from a relatively small number of mining companies. Current and future international trade agreements and policies, governmental policies and trade restrictions are beyond the control of First Uranium and may affect the supply of uranium available to the market.

Competition from other energy sources

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydroelectricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrates.

Additional Information

Additional information relating to First Uranium is included in the Corporation's most recently filed AIF and it is available on SEDAR at www.sedar.com.

Forward-looking Information

This MD&A and consolidated financial statements for the year ended March 31, 2009 contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to 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 Company’s expectations as at the date of this MD&A; (ii) actual results may differ materially from the Company’s expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate; (iii) the Company 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 Company 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 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 Company and their investment in the Company’s common shares to a sufficient level to continue to support the Company’s compliance with 2014 BEE requirements; 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.