www.QuestUranium.com

QUC : TSX-V

QUEST Uranium Corporation

2007 Annual Report

Quest Uranium Corporation – Report to Shareholders

On behalf of the Board of Directors, I am pleased to present your Corporation's Annual Report for the period from the date of incorporation on June 6, 2007 to the fiscal year-end of the Corporation on October 31, 2007.

I am proud to introduce to you Quest Uranium Corporation, which officially began trading as a publicly-listed TSX Venture corporation ("QUC") on January 11, 2008. The Corporation resulted from the spin-off of the uranium exploration assets of Freewest Resources Canada Inc. Quest will continue to invest in high-quality exploration opportunities primarily in North America. Interest in the investment opportunity that Quest represents was outstanding, having completed its previously-announced rights offering and private placement of "flow-through" shares, both of which were fully-subscribed.

I am excited to lead Quest forward as I believe that the prospects for uranium in the years to come are excellent. Accelerated economic growth in Asia and Eastern Europe through to 2030 appears to be signaling significant expansion of electric power generation capacity, of which nuclear generation is viewed as one of the favoured "Green Power" alternatives. In fact, demand for uranium usage in nuclear power plants is projected to exceed production supply by between 2010 and 2012 and should have a positive impact on future uranium prices.

We consider Quest to be fortunate in holding a high-quality grassroots property portfolio in Canada's premier frontier uranium exploration areas. It is our objective to supplement our current portfolio with more advanced property assets hosting defined uranium resources. These assets may be acquired through the development of strategic alliances with companies having mine operating capacity in known uranium-producing regions. Quest intends to be strategic in the identification of new areas of exploration interest to the Corporation. It will strive to be the exploration "partner of choice" by way of its strong technical team and by using leading-edge exploration technologies and approaches in defining new uranium project opportunities.

During the past year, the Corporation's uranium properties were actively explored. Over 550,000 acres of ground was staked in the George River area of northeastern Quebec and western Labrador. Numerous additional claims were also staked in northwestern Ontario and New Brunswick.

Prospecting crews on the George River claims last September successfully identified four significant new uranium occurrences in the belt to supplement the discoveries made by Freewest in 2006. In addition, prospecting crews in the Kenora North project area in northwestern Ontario verified previously known showings and found new areas of radioactivity and uranium mineralization. The promising results from this work led our crews to stake 50 km of strike length along the favourable geological horizon. Detailed and reconnaissance exploration is planned for this field season to expand known mineralized areas and to find new showings and to prioritize these targets for fall diamond drilling.

We are currently considering the possibility of acquiring projects in Canada and the United States that contain advanced in-ground uranium resources that would enhance the value of our current property portfolio.

In addition, Quest, through Freewest, announced on January 17th, 2008 that it had signed a letter of agreement with Midland Exploration Inc. for the right to option a 50% interest in Midland's wholly-owned uranium properties in the LG3 and LG4 areas of the James Bay region, Québec. The agreement with Midland covers claim blocks comprising 126.0 km^2 in the Sakami Lake area of northwestern Quebec. The properties host unconformity-type uranium mineralization similar to deposits found in northern Saskatchewan, the world's highest-grade producing area.

Exploration planning is currently underway for airborne geophysical surveys to be completed over its properties in Quebec and Ontario. All new anomalies will be followed-up by prospecting and geological mapping crews during the summer field program. We are currently considering bring in joint-venture partners for the George River and Kenora North projects in advance of the upcoming field season.

The rights-offering and “flow-through” share offering strengthened the Corporation’s financial position by netting nearly $2.3 million to Quest’s treasury. The Corporation has no long-term debt.

I invite you to explore the Corporation’s new website (www.QuestUranium.com) for news, information and updates on the corporation’s activities as we grow Quest together.

On behalf of the Board of Directors, I would like to thank the officers, field employees and our new shareholders for their support in making Quest a reality. I look forward to an eventful and successful future for the corporation.

Peter J. Cashin
President & CEO

February 22, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
As at February 22, 2008

For the period from the date of incorporation on June 6, 2007 to the fiscal year-end of the Corporation on October 31, 2007 unless otherwise noted.

The following management's discussion and analysis ("MD&A") of the results of operations and financial condition of Quest Uranium Corporation ("Quest" or the "Corporation") covers the period from the date of incorporation on June 6, 2007 to its fiscal year-end on October 31, 2007 and should be read in conjunction with the Corporation's audited financial statements and the related notes. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

Forward Looking Statements

Except for historical information, this contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital, the estimated cost and availability of funding for the acquisition of properties and the continued exploration and development thereof. Such statements reflect current views of Quest with respect to future events and are subject to certain risks, uncertainties and assumptions. Estimates provided for fiscal 2007 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Corporation.

OVERVIEW

Quest is a Canadian exploration corporation with a focus on grass roots uranium exploration in North America. Quest intends to focus on the acquisition of properties located in good geological settings, with the potential to host large ore bodies. Management is a strong believer in working with prospectors and junior exploration players that offer the Corporation quality, early staged to advanced uranium prospects. It is Quest's intention to acquire these assets through the development of strategic alliances with companies having mine operating capacity in known uranium producing regions in recognition of the inherent exploration strengths of Quest. The Corporation's management team has a proven track record of involvement in numerous mineral deposit discoveries over the past 40 years.

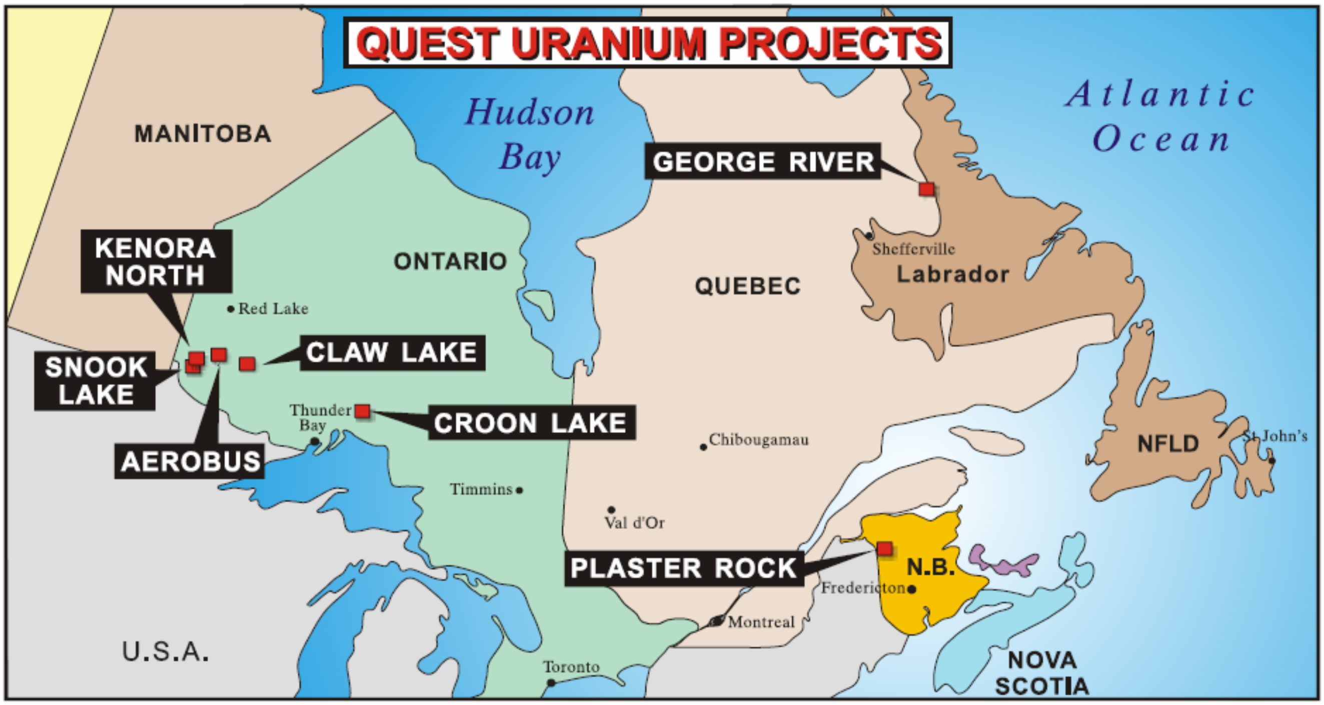
Quest's exploration strategy involves combining prospecting and strong geological expertise with the use of leading-edge geophysical, geochemical techniques to search for ore deposits. The Corporation is also a strong believer in conducting exploration through joint ventures with other mining firms to share exploration risk and benefits from its partner's capabilities in mine development and production.

The Corporation's shares are listed for trading on the TSX Venture Exchange under the trading symbol QUC. Additional information for Quest can be found on SEDAR (www.sedar.com) and on Quest's web site (www.QuestUranium.com).

MINING PROPERTIES

The Corporation was created with the intention of taking over the uranium assets and exploration activities carried on by Freewest, so that Freewest can devote itself solely to exploration for precious and base metals. Since the date of its incorporation, the Corporation's activities were centered on organizing the Rights Offering, the Private Placing and the other transactions described in the prospectus submitted to shareholders in late 2007. The Corporation entered into an agreement with Freewest with respect to the acquisition by the Corporation of the George River property, five uranium properties in Ontario and one uranium property in New Brunswick (Figure 1), for which the Corporation issued 8,000,000 common shares to Freewest. The properties transferred by Freewest to the Corporation comprised Freewest's portfolio of uranium exploration properties. Freewest does not intend to be directly involved in uranium exploration. Freewest retained rights to precious metals and base metals with respect to the George River property and the six other uranium properties. The Corporation does not currently own any mines and does not intend to acquire any mines currently in production.

Figure 1 – Quest Uranium Corporation Project Location Map



QUEBEC AND LABRADOR PROJECTS

GEORGE RIVER PROJECT

Quest's 100%-owned George River uranium property is situated within the George River belt of northeastern Quebec and northwestern Labrador (Figure 2). It is located 175 kilometres northeast of Schefferville, Quebec and 125 kilometres east of the Voiseys Bay nickel-copper-cobalt deposit being mined by CRVD-Inco Limited in Labrador. The property consists of 5300 mineral claims, comprising 24 claim blocks totaling 550,000 acres.

In September of 2006, Freewest announced the discovery of 4 new uranium occurrences made during the course of a first-phase exploration program completed on the property. This initial program was focused on the exploration of Proterozoic-age uranium deposits of various styles within the Churchill Domain in Quebec and Labrador and consisted of an airborne geophysical survey and follow-up prospecting program. The targets for prospecting consisted of a combination of airborne radiometric anomalies, uranium-in lake sediment anomalies, known radioactive occurrences and sulphides showings.

Previous Exploration

In 2006, Freewest identified anomalous uranium values in subcrop, outcrop and boulder trains over a three-kilometre strike length in the Stewart Lake/Centurion Ridge Trend (Blocks 1 and 8) and over the

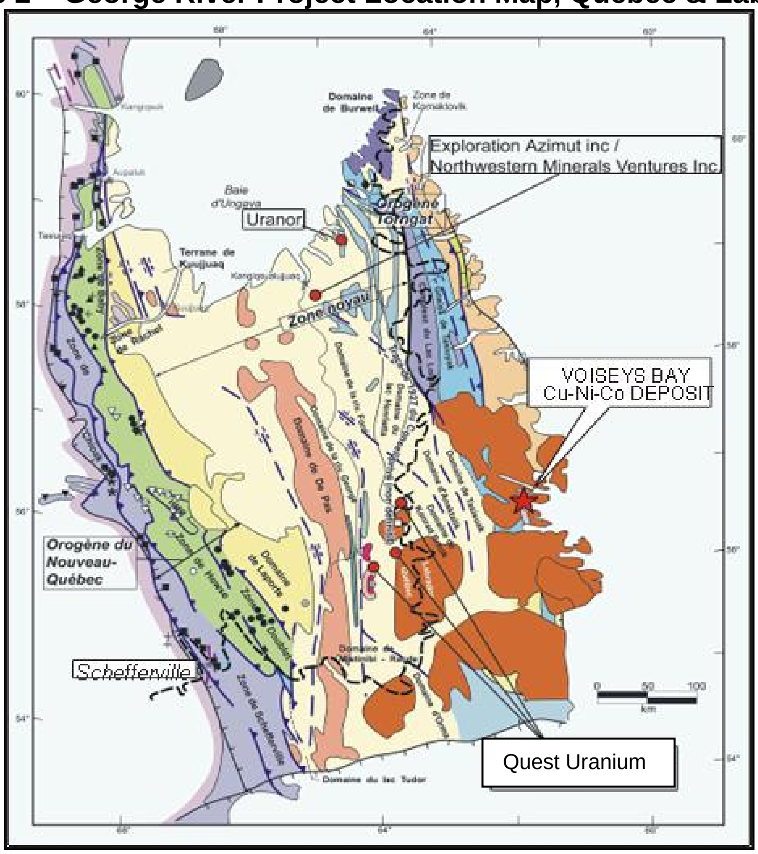
Murphy-Stewart 2 Showing (Block 2). Follow-up prospecting in the 2007 exploration continued to identify new, more extensive areas of uranium mineralization on Blocks 1, 2 and 8.

2007 Exploration

Block 1 Showings

The west end of Block 1 is underlain by a mixed Proterozoic metavolcanic-metasedimentary assemblage of greenschist to lower amphibolite metamorphic grade. The metavolcanics are mafic in composition and the metasediments consist mainly of well-sorted sandstones and lesser siltstone, conglomerate and carbonate rocks. The mineralization is hosted by granitic rocks which intrude this assemblage. The highest grade samples from this area were from granitic pegmatite float containing biotite. Samples yielding 2,714 ppm U_3O_8 and 1,428 ppm U_3O_8 were returned by prospectors.

Figure 2 – George River Project Location Map, Quebec & Labrador



Block 2 Showings

Prospecting in the north central portion of Block 2 yielded anomalous samples over a widespread area underlain predominantly by white pegmatite. Significant results have been achieved from areas now referred to as the Nanuk Showings.

A total of 60 outcrop samples were taken from the Nanuk Zone #1, located about 6 kilometres southwest of the Murphy-Stewart 2 Showing area, of which 13 samples returned results greater than 1,000 ppm U. The highest value sample was taken from an outcrop of very coarse-grained, biotite-rich granite and yielded 5,924 ppm U_3O_8.

Two angular boulders of pegmatite taken from the north end of an area referred to as the Nanuk Zone #2, about 7.5 kilometres southwest of the Murphy-Stewart 2 Showing area yielded very high results. Sampling from this area returned assays yielding greater than 11,800 ppm U_3O_8.

Further southwest along Nanuk Zone #2, a total of 20 samples were taken, four of which returned anomalous values. The area is underlain by gneisses cut by a dense network of pegmatites and locally quartz veined. A sample of smoky quartz cutting gneissic outcrop returned 2,220 ppm U_3O_8. A duplicate of this sample returned 6,702 ppm U_3O_8. Sampling of a uranophane-bearing pegmatite dyke in the area yielded 2,891 ppm U_3O_8.

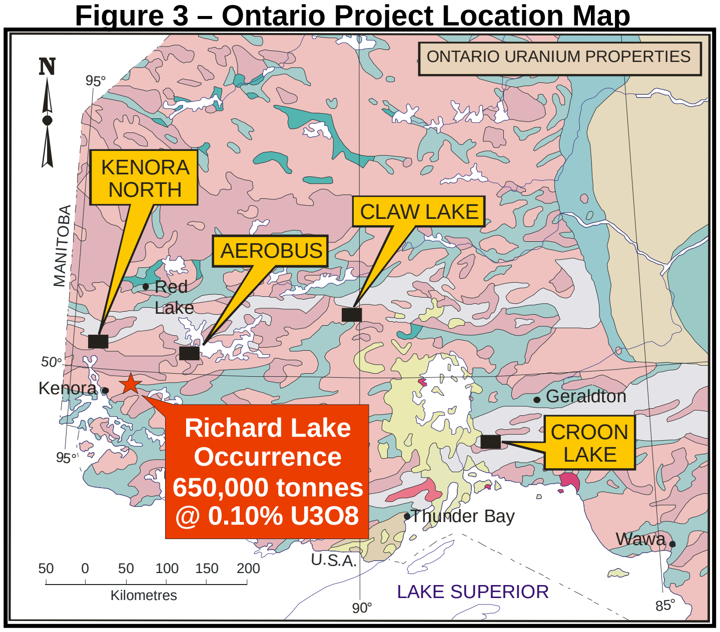
Block 8 Showings
A cluster of four samples of pegmatite float and one sample of medium-grained granite outcrop cut by biotitic veining taken immediately east of Centurion Ridge yielded anomalous values. The highest value of 8,036 ppm U_3O_8 was returned from one of the float samples and the outcrop sample yielded 1,250 ppm U_3O_8. Uranophane staining was noted in outcrop. This is interpreted to be the eastward extension of the Stewart Lake Trend.

Three mineralized angular boulders of pegmatite were located approximately 3.8 kilometres east-northeast of the Stewart Lake Trend at the south end of what is referred to as the Kogaluk Zone. The highest grade of these returned a value of 4,614 ppm U_3O_8. At the north end of the Kogaluk Zone a piece of locally-derived angular pegmatitic float returned a value of 3,056 ppm U_3O_8.

Future Work
The first-phase exploration program yielded very encouraging results and has identified two, broad areas (Stewart Lake/Centurion Ridge and Nanuk) of in-situ uranium mineralization and extensive uraniferous boulder trains. Detailed gridding, geological mapping, ground geophysics and geochemical sampling is recommended to be carried out over these high-priority areas. Priority targets will be diamond drilled in the Fall. In addition, follow-up prospecting of the numerous additional radioactive anomalies identified in the George River area will be completed in 2008. Exploration planning for 2008 is currently in progress.

ONTARIO PROJECTS
Freewest recently acquired a 100% interest in five uranium properties located in northwestern Ontario (Figure 3), four by staking and one by option agreement (Croon Lake). All of the properties are well-accessed by logging roads and can be explored year-round at reasonable cost. Initial exploration of the properties was completed in the Fall of 2007 and was comprised of prospecting and geochemical sampling over areas of previously known uranium mineralization and radioactivity.

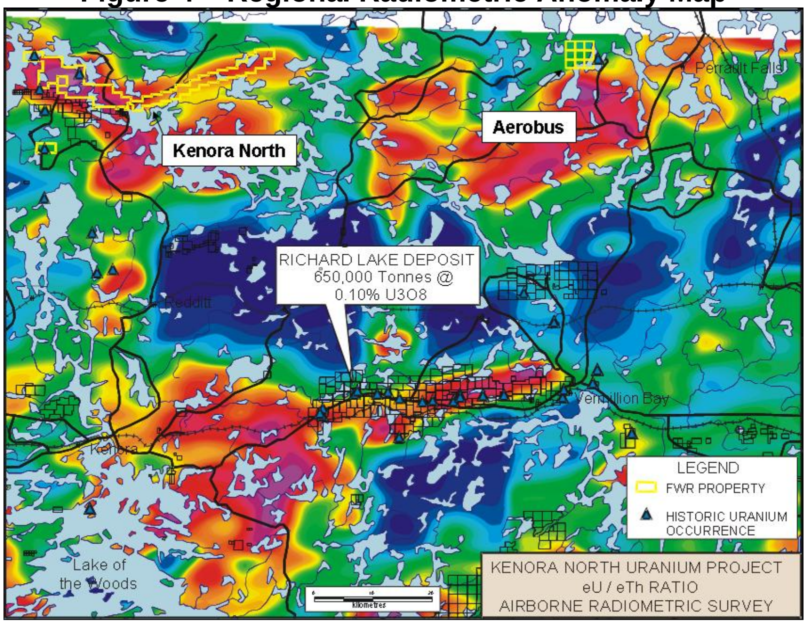
Figure 3 – Ontario Project Location Map



KENORA NORTH PROJECT – NORTHWESTERN ONTARIO

The Kenora North project is an amalgamation of four properties (Can Fer, Snook, Pancer and Scottie Lake) that were staked in early 2007 to cover historical uranium occurrences. Regional lake-bottom geochemical surveys and Federal Government airborne geophysical surveys were also utilized in the selection of favourable target areas. The area is readily accessible by new forestry roads. Prospecting in late 2007 led to the re-location of several historic uranium occurrences and to the discovery of numerous new showings, along a 50-km long radiometric trend (Figure 4). Encouraging results obtained from prospecting over the Can Fer, Snook Lake and new Thor showings, led to the staking of a total of 36,000 hectares of claims to cover the full extent of the radiometric trend and to consolidate previous Quest staking.

Figure 4 – Regional Radiometric Anomaly Map



Can-Fer

The wholly-owned Can-Fer property covers a number of historic uranium occurrences and is located 70 kilometres north-northwest of the Kenora in northwestern Ontario. The property was explored intermittently between 1968 and 1975 in programs involving scintillometer surveys and trenching. Uranium mineralization occurs as uranophane and is associated with pink granitic pegmatites which trend from east to west. The highest radioactivity occurs in shear zones within the pegmatite and in the country rocks. Sampling of two occurrences by the Ontario Geological Survey in 1968 yielded assays of 0.065% U_3O_8 (1.3 lbs/ton) over 15 feet and 0.380% U_3O_8 (7.6 lbs/ton) over five feet, respectively.

Fall prospecting defined uranium mineralization over a 500-m strike length and over 200-m in width. Sampling returned up to 0.362% associated with felsic pegmatite containing sedimentary rock inclusions.

Pancer

The 100%-owned Pancer property is located 60 kilometres north of Kenora. The Pancer property consists of two claims comprising 516 hectares.

The property was explored in a limited way in 1955, 1970 and 1979 in programs involving geological mapping, scintillometer and magnetic surveys as well as diamond drilling (10 holes totalling 3,010 feet). Currently, there are three known showings with the largest having dimensions of 120 metres by

50 metres. Uranium mineralization occurs in pegmatitic dikes where the average of a number of grab samples yielded 0.13% U_3O_8 (2.6 lbs/ton).

Fall prospecting identified a series of east-southeast-trending white pegmatitic dikes within a 800-m wide structural zone. Sampling returned up to 0.287% U_3O_8 within pegmatite dykes.

Thor Lake

The wholly-owned Thor Lake area was newly identified by Quest prospectors during the Fall exploration program. Mineralization is hosted within an east-west-trending white pegmatitic sill complex intruding metasedimentary rocks containing pyrite, pyrrhotite and graphite. The sill complex has been traced over a 4-km strike length and over widths of up to 400 metres.

Values of up to 0.302% U_3O_8 were obtained from sampling of mineralization with 22% of all samples collected (140) returning values in excess of 0.10% U_3O_8.

Future Work

The first-phase exploration program yielded very encouraging results and has identified a broad, 50-km long area of in-situ uranium mineralization and extensive radioactivity requiring further detailed exploration. A program of airborne radiometric geophysical surveys with follow-up prospecting, geological mapping, ground geophysics and geochemical sampling is currently in planning for 2008. Priority targets will be diamond drilled in the Fall. In addition, follow-up prospecting of the numerous additional radioactive anomalies identified from the airborne geophysics will also be completed.

CROON LAKE PROJECT – NORTHWESTERN ONTARIO

The 100%-owned Croon Lake uranium property consists of 23 claims (5,957 hectares) and is located in the Arrel Lake map area, 48 kilometres northeast of the town of Nipigon, in Northwestern Ontario. It was acquired from Thunder Bay prospectors under the terms of an option agreement. The property is road accessible from Nipigon, Ontario.

The Croon Lake property is underlain by Archean-age basement rocks comprising granitic gneiss intruded by pegmatitic and diabasic dikes. It lies immediately to the east of the Proterozoic-age Sibley basin, a sedimentary basin that is currently being extensively explored for unconformity-related uranium deposits.

In 1978, Essex Minerals Company explored the property locale in programs involving geological mapping, prospecting, VLF electromagnetic surveys, radiometric surveys and diamond drilling (four short holes). Access to the property at that time was by float plane. Prospecting by Essex resulted in the discovery of three boulders returning assays of 0.21% U_3O_8 (4.2 lbs/ton) and 0.30% U_3O_8 (6.0 lbs/ton). Subsequent work completed by Essex failed to locate the source of the mineralized boulders described as intensely altered, mylonitized diorite. In addition to the mineralized boulders, several highly-radioactive occurrences were discovered on the property, largely within pegmatitic dikes and sills. None of the additional radioactive occurrences were reportedly sampled. Essex Mineral Company recommended additional work to trace the mineralized boulders to a bedrock source that was never completed.

Recently prospecting activities by Quest located and sampled two of the three previously-known uraniferous boulders on the property. Four grab samples from the two boulders returned assays of 0.218% U_3O_8 (4.36 lbs/ton), 0.271% U_3O_8 (5.43 lbs/ton), 0.471% U_3O_8 (9.42 lbs/ton) and 0.577% U_3O_8 (11.54 lbs/ton). The presence of numerous eU and eU/eTh airborne radiometric anomalies located up-ice from the boulders, provide immediate targets for exploration follow-up. These anomalies coincide with a major north-northeast trending magnetic high that is suggestive of a major structural break. The in-situ bedrock source of the mineralization in boulders has yet to be located.

Future Work

The first-phase exploration program was unable to locate the in-situ source of the uranium mineralized boulders. A program of airborne radiometric geophysical surveys with follow-up prospecting, geological mapping, ground geophysics and geochemical sampling is currently in planning for 2008. Priority targets will be diamond drilled in the Fall. In addition, follow-up prospecting of any new radioactive anomalies identified from the airborne geophysics will also be completed.

NEW BRUNSWICK PROJECTS

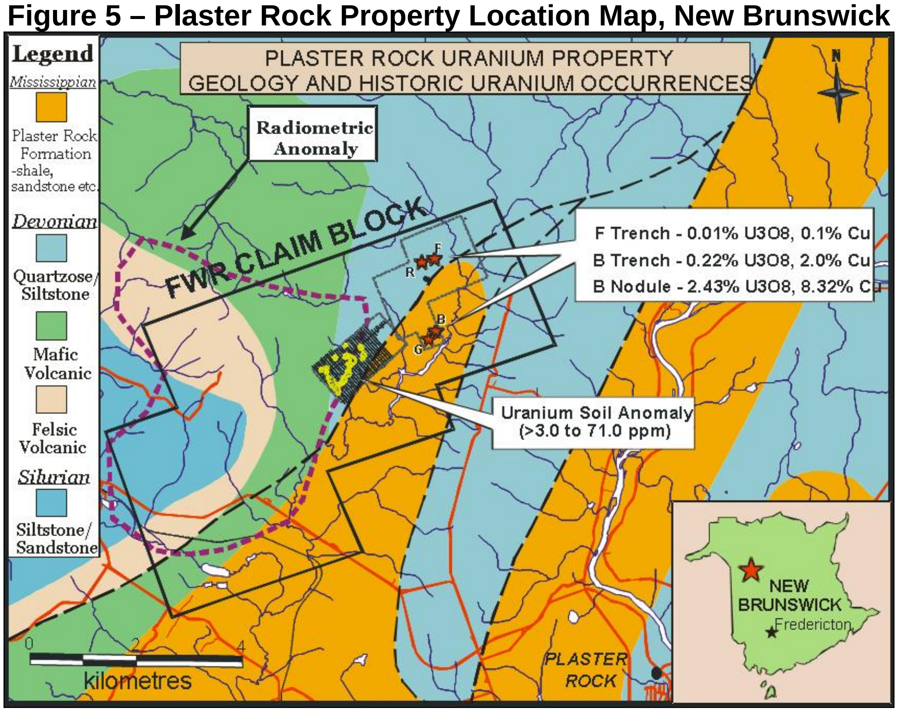
Plaster Rock

Uranium mineralization in New Brunswick is closely related to Devonian-aged intrusions and related volcanic rocks and younger Carboniferous-age sedimentary rocks, in overlying successor basins. Uranium mineralization is hosted in alluvial, fluvial and lacustrine sediments, commonly occurring in close proximity to faults.

The wholly-owned Plaster Rock property is located in one such Carboniferous-age basin, known as the Plaster Rock basin (Figure 5). The 230 claim property, acquired by staking, comprises 3,723 hectares and straddles a ten kilometre long section of the western margin of the Plaster Rock basin, in fault contact with Devonian-age felsic volcanic rocks. The Blue Bell Fault separates pink to red massive rhyolitic basement rocks of the Cameron Mountain Formation from overlying red sandstone, conglomerate and mudstone of the Arthurette Redbeds Formation (Wilson 1987). Previous exploration efforts completed in the 1970s by Urangesellschaft Ltd. and Lacana Mining Corporation in this locale, were successful in locating a number of new uranium showings and soil geochemical anomalies, intimately associated with the Blue Bell Fault.

Assessment reports filed by Lacana Mining with the New Brunswick Department of Natural Resources report the best results from Trench B, where two out of seven samples returned greater than 2,000 ppm uranium or 0.236% U_3O_8 (4.72 pounds) and a third sample assayed 1000 ppm uranium or 0.118% U3O8 (2.36 pounds). Selective grab sampling of the mineralized zone returned an assay of 24,300 ppm uranium or 2.867% U_3O_8 (57.34 pounds). Mineralization is associated with radioactive chalcopyrite nodules in red sandstone.

Figure 5 – Plaster Rock Property Location Map, New Brunswick



Urangesellschaft also explored a segment of the Blue Bell Fault approximately 2.5 kilometres west of the Lacana showings in 1979. A soil geochemical survey completed on a survey grid straddling the fault, delineated anomalous uranium in-soil values over a one kilometre strike length. Soil values within the well-defined anomaly include 71, 50, 49 and 45 ppm uranium. There is no recorded work performed to follow-up on any of these most encouraging exploration results.

FUTURE WORK

The Plaster Rock property can be explored year-round and be advanced to the drilling stage in a very short period of time. An airborne radiometric survey has been completed and follow-up work will be carried out during the Spring and Summer 2008.

Selected Financial Information

The following table summarizes selected financial data of the Corporation for the period from the date of incorporation on June 6, 2007 to the fiscal year-end of the Corporation on October 31, 2007.

	Period ended October 31, 2007 $
Revenues	-
Net (loss)	(23,863)
Basic and fully diluted net (loss) per share	(0.012)
Total assets	18,909
Total long term debt	-

Results of Operations

For the period from June 6, 2007 to October 31, 2007

Revenue totaled $Nil for the period ended October 31, 2007. Expenses for the period ended October 31, 2007 totaled $23,863 and consisted of Professional fees of $22,507 and Administrative expenses and others of $1,356 and related to fulfilling the regulatory and governmental requirements in order for Quest to be listed on the TSX Venture Exchange.

For the period ended October 31, 2007, the Corporation reported a net loss of $23,863.

The Corporation has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Corporation has paid no dividends and has no retained earnings from which it might pay dividends.

Liquidity

As at October 31, 2007, the Corporation maintained a cash or equivalent position of $1,000. The Corporation has no long-term debt.

Related Party Transactions

The related party transaction is in the normal course of operations and is measured at the exchange value, which is the amount of consideration established and agreed to by the related parties. The amount due to Parent Corporation is non-interest bearing with no specific terms of repayment. Certain directors of the Corporation are also shareholders and directors of the Parent Corporation.

The Parent Corporation paid expenditures in an aggregate amount of $19,265 on behalf of the Corporation.

Critical Accounting Policies

The Corporation prepares its financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") in Canada. The Corporation details its significant accounting policies in Note 2 to its financial statements, of which the Quest has identified the following accounting policies, which are believed to be the most critical in fully understanding and evaluating the reported financial results:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to impairment of assets, mineral property carrying values, useful lives for depreciation and amortization, determination of liability for taxes as a result of flow-through renunciation reversals and determination of fair value for stock based transactions. Financial results as determined by actual events could differ from those estimates.

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

Mineral exploration and development costs are capitalized on an individual basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect will be amortized over a period of years, pro-rata to anticipated income, while those costs for the prospects abandoned are written off. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Corporation's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof. The Corporation assesses its capitalized resource property costs on a regular basis. A property is written down or written off when the Corporation determines that a permanent impairment has occurred or when exploration results indicate that no further work is warranted. A sale of an interest in claims is credited directly to expenditures until such time as all related expenditures are recovered and direct costs incurred to maintain claims are capitalized.

The Corporation finances a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Corporation, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers, provided there is reasonable assurance that the expenditures will be incurred.

The Corporation uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

Earnings per share computations are based upon the weighted average number of common shares outstanding during the years. The Corporation uses the treasury stock method, to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. In the year of a loss, no diluted loss per share is provided as the inclusion of outstanding share purchase options and warrants would be anti-dilutive.

The Corporation has a stock option plan as described in note 3(b) to its financial statements. The Corporation sets aside and reserves for issuance under the Plan an aggregate number of additional common shares in the capital stock of the Corporation equal to 10% of the number of issued and outstanding common shares of the Corporation from time to time. The Corporation follows the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments for its stock based compensation. Under these standards, all stock-based payments made to non-employees must be systematically accounted for in the Corporation's financial statements. These standards define a fair value-based method of accounting. Under this method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the related service period. The cost of the stock option Compensation Plan is recognized in Deferred Exploration Expenses and Administration Expenses with a corresponding credit to Shareholders' Equity as Stock Options or Warrants using the fair value based method of Accounting of Awards.

Outstanding Share Data

As at February 22, 2008, there were 21,257,000 common shares, 1,800,000 stock options and 250,050 warrants outstanding.

Implementation of Accounting Policies

During the period ended October 31, 2007, the Corporation adopted and implemented the accounting polices as detailed in note 2 to its financial statements.

Financial Instruments

The Corporation's financial instruments consist of cash, accounts payable and accrued liabilities, and due to parent corporation. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Due to their short term nature, the fair value of these financial instruments approximates their carrying value.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure.

As of the end of the period covered by this report, Quest's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures under the supervision of, and with the participation of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the Corporation's disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers Annual and Interim Filings are effective to ensure that material information relating to Quest Uranium Corporation is made known to management on a timely basis and is included in this report.

Internal Control over Financial Reporting

As of the end of the period covered by this report, Quest's management provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP.

During the period covered by this report, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of the financial statements and other financial information relating to the Corporation included in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgements of management.

Bratt Fremeth Star, our independent auditors, are engaged to express a professional opinion on the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow the auditors to report whether the financial statements prepared by management are presented fairly and in accordance with Canadian generally accepted accounting principles.

The Board of Directors must ensure that management fulfils its responsibilities for financial reporting. In furtherance of the foregoing, the Board of Directors has appointed an Audit Committee composed of three directors, two of whom are not members of management. The Audit Committee meets with the independent auditors to discuss the results of their audit and their audit report prior to submitting the financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Corporation's financial statements.

Peter J. Cashin
President & Chief Executive Officer

Ronald Kay
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of
QUEST URANIUM CORPORATION
(An Exploration Stage Company)

We have audited the Balance Sheet of Quest Uranium Corporation as at October 31, 2007, and the Statement of Operations and Deficit, and Cash Flow for the period from the date of incorporation on June 6, 2007 to the fiscal year-end of the Corporation on October 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2007, and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Bratt Fremeth Star G.P.

Bratt Fremeth Star G.P.
CHARTERED ACCOUNTANTS

Montreal, Quebec
February 18, 2008

Quest Uranium Corporation
(An Exploration Stage Company)
Balance Sheet
As at October 31, 2007

	$
Assets	
Current	
Cash	1,000
Prepaid expenses	17,909
	18,909
Liabilities	
Current	
Accounts payable and accrued liabilities	22,507
Due to parent corporation (note 4)	19,265
	41,772
Shareholders' equity	
Capital stock (note 3)	1,000
Deficit	(23,863)
	(22,863)
	18,909

Going concern, Contingencies and Subsequent events (notes 1, 7, and 8)

See accompanying notes to financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS


Peter J. Cashin, Director


Ronald Kay, Director

Quest Uranium Corporation
(An Exploration Stage Company)
Statement of Operations and Deficit
For the Period from June 6, 2007 to October 31, 2007

	$
Expenses	
Professional fees	22,507
Administrative expenses and others	1,356
	23,863
(Loss) before income taxes	(23,863)
Net (loss) for the year (note 5)	(23,863)
Deficit - beginning of year	-
Deficit - end of year	(23,863)
Basic net (loss) per share	(0.012)
Weighted average number of outstanding shares	2,000,000

See accompanying notes to financial statements.

Quest Uranium Corporation
(An Exploration Stage Company)
Statements of Cash Flows
For the Period from June 6, 2007 to October 31, 2007

	$
Cash flows from (used in) operating activities	
Net (loss)	(23,863)
Changes in non-cash components of working capital	
(Increase) - prepaid expenses	(17,909)
Increase - Accounts payable and accrued liabilities	22,507
Increase - Due to parent corporation	19,265
	23,863
Cash flows from (used in) operating activities	-
Cash flows from financing activities	
Common shares issued	1,000
Cash flows from financing activities	1,000
Increase in cash and cash equivalents	1,000
Cash and cash equivalents - beginning of period	-
Cash and cash equivalents - end of period	1,000
Interest Paid	NIL
Taxes Paid	NIL

See accompanying notes to financial statements.

1. Nature of operations and going concern

The Corporation was incorporated under the Canada Business Corporations Act on June 6, 2007 as a wholly-owned subsidiary of Freewest Resources Canada Inc. (Parent Corporation) with the intention of taking over the uranium exploration activities currently carried on by its Parent Corporation.

To date, the Corporation has not earned any revenues and is considered to be in the exploration stage. The Corporation has an accumulated deficit of $23,863 at October 31, 2007.

The accompanying financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern. However, the Corporation is in the exploration stage and is subject to the risk and challenges particular to companies at this stage. There is no assurance that the Corporation projects will be successful. As a result, there may be doubt regarding the going concern assumption. The Corporation continuing operations are dependent on the ability to secure adequate financing, the discovery of economically recoverable mineral reserves, securing and maintaining title or beneficial interest in the mining properties and on future profitable production or proceeds from the disposition of the mineral property interests. While the Corporation is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate sufficient funds for operations.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

2. Significant accounting policies

a) Basis of presentation

These financial statements are prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies followed by the Corporation have been applied consistently in the preparation of these financial statements. These accounting policies are summarized as follows.

2. Significant accounting policies (Cont'd)

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets, mineral property carrying values, useful lives for depreciation and amortization, determination of liability for taxes as a result of flow-through renunciation reversals and determination of fair value for stock based transactions. Financial results as determined by actual events could differ from those estimates.

c) Mining properties and deferred costs

Mineral exploration and development costs are capitalized on an individual basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect will be amortized over a period of years, pro-rata to anticipated income, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Corporation interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

The Corporation assesses its capitalized resource property costs on a regular basis. A property is written down or written off when the Corporation determines that a permanent impairment has occurred or when exploration results indicate that no further work is warranted. A sale of an interest in claims is credited directly to expenditures until such time as all related expenditures are recovered and direct costs incurred to maintain claims are capitalized.

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

d) Property Option Agreements

From time to time, the Corporation may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

2. Significant accounting policies (Cont'd)

e) Risk Management

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

f) Income Taxes

The Corporation uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

g) Flow-through shares

The Corporation finances a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Corporation, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers, provided there is reasonable assurance that the expenditures will be incurred.

h) Revenue recognition

Income is recorded on as-earned basis.

i) Cash held for exploration work

Exploration funds consist of cash, term deposits and short-term investments and represent the unexpended proceeds of financing under the terms of which the Corporation committed to spending the amounts on the exploration of mining properties in Canada.

2. Significant accounting policies (Cont'd)

j) Cash and cash equivalents

The Corporation considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Corporation places its cash and cash equivalents with institutions of high-credit worthiness.

k) Financial instruments

Section 3855 – Financial Instruments – Recognition and Measurement. Section 3855 establishes standards for recognition and measurement of financial assets, financial liabilities and non-financial derivatives. The standard specifies when and to which amount a financial instrument is to be recorded on the balance sheet. The Section also provides guidance for disclosure of gains and losses on financial instruments.

Section 1530 – Comprehensive Income. Comprehensive income is the change in the Corporation's net assets that results from transactions, events and circumstances from sources other than the Corporation's shareholders and includes items that would not normally be included in the net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available for sale securities which are not included in net income (loss) until realized.

l) Earnings per share

Earnings per share computations are based upon the weighted average number of common shares outstanding during the years. The Corporation uses the treasury stock method, to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. In the year of a loss, no diluted loss per share is provided as the inclusion of outstanding share purchase options and warrants would be anti-dilutive.

3. Capital stock

a) The authorized and issued capital stock of the Corporation consists of the following:

Authorized:

Common - An unlimited number of no par value shares
Preferred - An unlimited number of shares issuable in series, non-voting, conditions to be determined by the Board of Directors

Issued:	2,000,000	Common shares	$1,000

b) Stock option plan

On October 3, 2007 the Corporation adopted a stock option plan ("2007 Stock Option Plan") for the purpose of granting to directors, officers and employees of and consultants to, the Corporation and, if applicable, its subsidiaries, options to purchase additional common shares in the capital stock of the Corporation.

The Corporation sets aside and reserves for issuance under the Plan an aggregate number of additional common shares in the capital stock of the Corporation equal to 10% of the number of issued and outstanding common shares of the Corporation from time to time.

Upon exercise of options in accordance with the Plan and the payment of the consideration for the foregoing shares, such additional common shares shall be issued as fully paid and non-assessable.

4. Related party transactions

The related party transaction is in the normal course of operations and is measured at the exchange value, which is the amount of consideration established and agreed by the related parties.

The amount due to Parent Corporation is non-interest bearing with no specific terms of repayment.

Due to Parent Corporation	$19,265

The Parent Corporation paid expenditures in an aggregate amount of $19,265 on behalf of the Corporation.

5. Income taxes

a) Future Income Taxes

Loss for Income Tax purposes	($23,863)
Combined Federal and Provincial Income Tax @32%	(7,636)
Future Income Tax asset not recorded	7,636
Income Taxes - Future	-

b) Tax Loss Carry-forwards

The Corporation has non-capital loss carry-forwards for income tax purposes of $23,863 which expire in 2027.

6. Financial instruments

The corporation's financial instruments consist of cash, account payable and accrued liabilities, and due to Parent Corporation. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Due to their short term nature, the fair value of these financial instruments approximates their carrying value.

7. Contingencies

a) The Corporation's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether with the outcomes, the impacts or the deadline. At the date of the financial statements and to the best knowledge of its management, the Corporation is, at the present, in conformity with the laws and regulations. Restoration costs will be accrued in the financial statements only when they can be reasonably estimated and will be charged to the earnings at that time.

b) The Corporation finances a portion of its exploration activities by the issuance of flow-through shares. However, there are no guarantees that the funds spent by the Corporation will qualify as Canadian exploration charges, even if the Corporation takes all the necessary measures for this purpose.

8. Subsequent Events

On December 7, 2007, the Parent Corporation transferred its 100% owned uranium properties to the Corporation for 8,000,000 common shares of the Corporation at a price of $0.30 per share for a total value of $2,400,000. The uranium properties included: (i) the George River property, in respect of which a technical report has been prepared in conformity with National Instrument 43-101, "Standards of Disclosure of Mineral projects"; and (ii) five uranium properties in Ontario and one uranium property in New Brunswick. The Parent Corporation will retain rights to precious metals and base metals with respect to the George River property and the six other uranium properties.

On December 11, 2007 Parent Corporation distributed an aggregate amount of 6,256,979 common shares of the Corporation held by the Parent Corporation.

On December 28, 2007, the Corporation closed a private placement and issued an aggregate of 5,001,000 common shares at a price of $0.30 per share to "accredited investors" in Quebec and Ontario, for gross proceeds to the Corporation of $1,500,300. Of the 5,001,000 shares, 90% were "flow-through" shares. The 5,001,000 shares issued in the private placement are subject to restrictions on resale until April 29, 2008. The proceeds from the private placement will be used by the Corporation primarily on its George River property. The Corporation paid a cash commission to the agents for the private placement of approximately $101,000 and granted options to the agents, entitling them to acquire up to 250,050 common shares, representing 5% of the number of shares issued in the private placement. The options may be exercised at a price of $0.30 per share until March 28, 2009.

On January 4, 2008, the Corporation closed the fully-subscribed rights offering to its shareholders and issued an aggregate of 6,256,000 common shares at a price of $0.15 per share, for gross proceeds to the Corporation of $938,840. The shares were issued pursuant to a prospectus dated November 29, 2007. The proceeds from the rights offering will be added to the Corporation's working capital.

On January 11, 2008 the Corporation granted stock options in an aggregate amount of 1,600,000 common shares to seven of the Corporation's directors and senior officers at an exercise price of $0.30 per share, representing the issue price per share of the Corporation's recently-completed private placement of "flow-through" shares. At the same time, the Board of Directors granted stock options in respect of an aggregate of 200,000 common shares to two of the Corporation's technical consultants, at an exercise price of $0.30 per share. All of the stock options were granted pursuant to the Corporation's 2007 Stock Option Plan.

On January 11, 2008 the Corporation's common shares commenced trading on the TSX Venture Exchange. As at January 11, 2008 there were 21,257,000 common shares of the Corporation issued and outstanding, and Freewest held 17.6% of the Corporation's issued and outstanding shares.

BOARD OF DIRECTORS

Mackenzie I. Watson
Westmount, Quebec
Chairman of the Board

Peter J. Cashin
Toronto, Ontario
President & Chief Executive Officer

Ronald Kay
Westmount, Quebec
Chief Financial Officer

Daniel B. Larkin
Ottawa, Ontario

Michael Pesner
Montreal, Quebec

Neil Wiener
Westmount, Quebec
Secretary

OFFICERS

Mackenzie I. Watson
Chairman of the Board

Peter J. Cashin
President & CEO

Ronald Kay
CFO

Neil Wiener
Secretary

Mark Schneiderman, CFE, CA
Treasurer

AUDITORS

Bratt Fremeth Star G.P.
Montreal, Quebec
H3B 2B6

LEGAL COUNSEL

Heenan Blaikie LLP
Montreal, Quebec
H3B 4Y1

INCORPORATION

Canada, June 6, 2007

LISTING

TSX Venture Exchange
Symbol : QUC

CAPITAL STOCK

Authorized
Unlimited

Issued
2,000,000 (October 31, 2007)

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
Montreal, Quebec
H3A 3S8

HEAD OFFICE

1155 University St.
Suite 1308
Montreal, Quebec
H3B 3A7

Tel. : (514) 878-3551 or
1-888-878-3551
Fax : (514) 878-4427
Web site: www.QuestUranium.com
E-mail: info@QuestUranium.com

EXPLORATION OFFICE

65 Queen Street West
Suite 2010 (after April 2 , 2008)
Toronto, Ontario
M5H 2M5

ANNUAL MEETING

April 24, 008 at 1:30 p.m.
Salon St-Maurice
Fairmont The Queen Elizabeth
Montreal, Quebec
H3B 4A5