Quest Uranium Corporation

Interim Report
July 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
As at September 23, 2009

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") for the three-month and nine-month periods ended July 31, 2009 should be read in conjunction with the Corporation's audited financial statements and the related notes as at October 31, 2008. 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 2009 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 was initially launched as a Canadian exploration corporation with a focus on grass roots rare earth elements (REE) and uranium exploration in North America. Improving market fundamentals for rare earths, particularly throughout Q3 2009, has brought much attention to Quest on its Strange Lake REE project in Québec. Quest intends to continue its focus on the acquisition of properties located in promising geological settings, with the potential of hosting large ore bodies. Management's belief is that in working with prospectors and junior exploration players that offer the Corporation quality rare earth and uranium prospects in conjunction with a high level of field evaluation, the Corporation will make additional deposit finds into the future. The recent announcement of the discovery of an important new zone of REE mineralization on its Strange Lake property underscores this exploration philosophy. 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 hidden 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.

Quest was also successful in attracting new investors to support the Corporation's REE exploration activities. A hard-cash financing for US and European investors was closed on June 26, 2009 to raise $1.5 million. The issue was priced at $0.22 a share. Each share was accompanied by one-half of a common share purchase warrant entitling its holder to purchase one additional Quest share at a price of $0.40 for 12 months after the closing. A second, flow-through share private placement for Canadian investors was closed on July 17, 2009 and raised an additional $599,998. The issue price for the flow-through financing was $0.35 per unit.

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 newly-launched web site (www.questuranium.com).

MINING PROPERTIES

QUEBEC AND LABRADOR PROJECTS

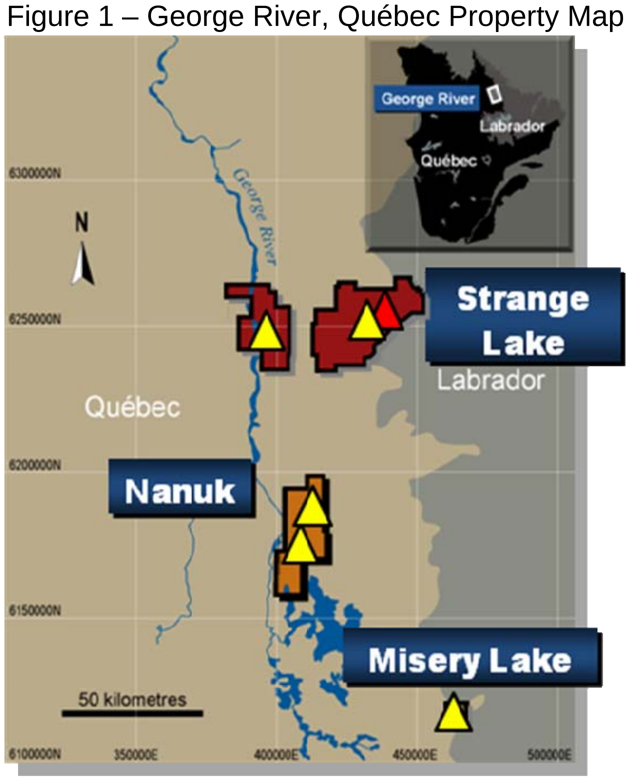
Strange Lake REE Project

Quest's 100%-owned Strange Lake property (previously the Stewart Lake project) is situated within the George River belt of northeastern Quebec and northwestern Labrador. 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 3,257 mineral claims, comprising 2 claim blocks.

Current Work

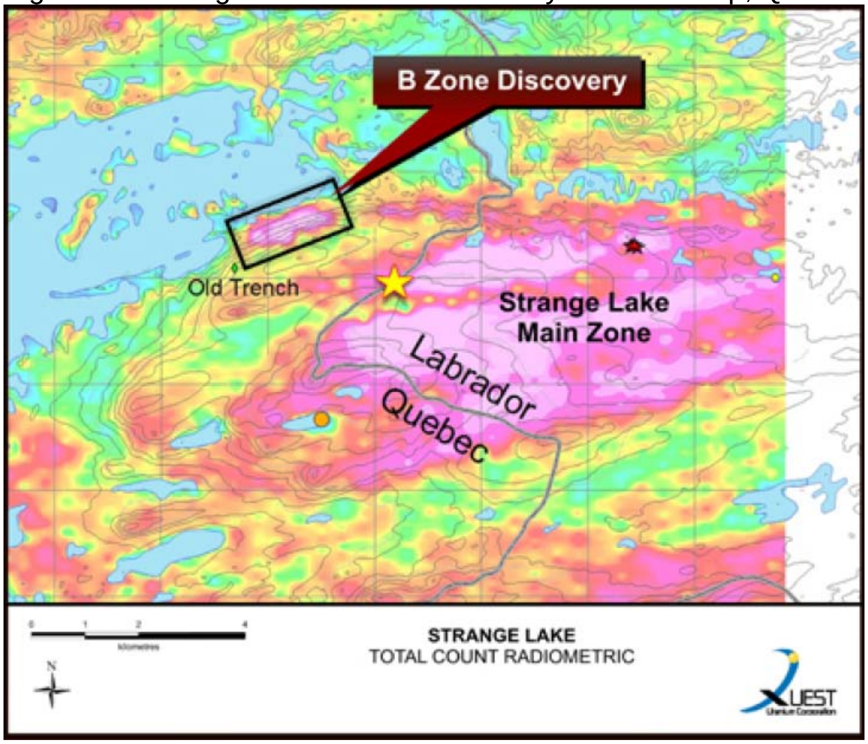
Quest undertook detailed compilation of all historical exploration work completed over the Strange Lake deposit area with the intention of comprehending the geology of the known Iron Ore Company of Canada (IOC) deposit (historical resource estimate, pre-National Instrument 43-101; Venkatswaran, 1983 – 52 million tonnes @ 3.25% zirconium oxide (ZrO_2), 0.56% niobium oxide (Nb_2O_5), 0.66% yttrium oxide (Y_2O_3), 0.12% berylium oxide (BeO) and 1.30% Total Rare Earth Oxides (TREO), *see* Figure 1). The data was compiled by Geologica Groupe-Conseil Inc. of Val-d'Or, Québec and brought into a digital database to aid in exploration planning for mapping, prospecting and diamond drilling work. The compilation led to the identification of a significant new area of REE mineralization, mainly the B-Zone, 2.5 km northwest of the Strange Lake deposit (*see* Figure 2). Field crews have traced the B-Zone along a strike length of 1.7 km and a width of at least 350 m. The deposit has a strong 2.0 km long by 500 m wide radiometric geophysical signature. Definition drilling of both the historical deposit and the B-Zone is currently underway. Results from the diamond drilling will be used to calculate preliminary 43-101 resource estimates. Wardrop Engineering Inc of Toronto, Ontario, has been contracted to do this work. In addition, because of the importance of knowing the liberation characteristics of the REE from the host rocks, a program of bulk sampling and pilot metallurgical testing will be undertaken. Hazen Engineering of Denver, Colorado, responsible for the metallurgical work on the IOC main deposit in the 1980's, has been contracted for this work.

Figure 1 – George River, Québec Property Map



In addition, MPX Geophysics of Concord, Ontario completed approximately 365 line-km of airborne radiometric and magnetic surveys to the west of our 2008 Strange Lake airborne survey. Multiple radiometric targets were identified and are to be followed-up by prospecting crews.

Figure 2 – Strange Lake B-Zone Discovery Location Map, Québec



Recent Developments

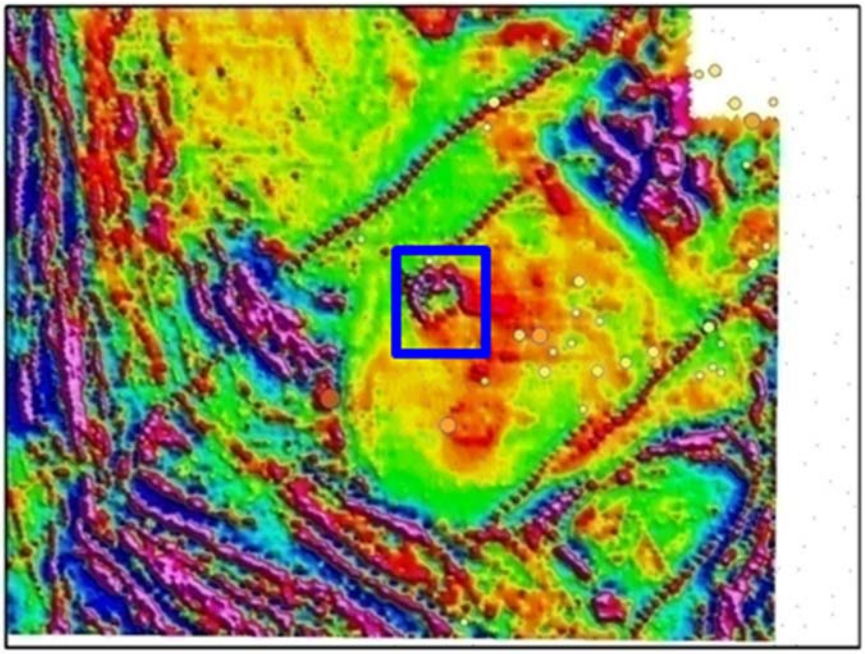
Continued threats by the Chinese to terminate or restrict the supply of rare earth elements for non-Chinese consumers has caused significant share price escalation of junior exploration companies, particularly those, such as Quest, that have in-ground rare earth resources. It is anticipated that concerns over “Security of Supply” issues will continue to drive the market and Quest’s value as non-Chinese consumers pursue alternative REE supply sources.

Misery Lake Project

The Misery Lake claims are located approximately 120 km south of the Strange Lake property (Figure 1, Figure 3) to cover a geologically-interesting, concentric magnetic anomaly defined from a 1980 Federal Government regional airborne survey (Figure 3). Quest geologists believe this feature to be related to a zoned, alkalic intrusive complex and is a high-priority rare earth element target. Preliminary sampling completed in the northwest part of the magnetic high ring in late 2007 returned grab sample values of up to 27% iron oxide (FeO), 1.2% phosphate (P_2O_5), 1.5% titanium oxide (TiO_2) and 2.25% Total Rare Earth Oxides (TREO).

Recently, a 585 line-km airborne radiometric and magnetic survey was completed by MPX Geophysics Limited of Concord, Ontario, to refine the definition of the magnetic feature observed by the government survey. Results from the work will guide exploration crews during the summer exploration period to evaluate the feature.

Figure 3 – Misery Lake area Regional Airborne Magnetics Map



ONTARIO PROJECTS

Kenora North and Snook Lake Projects – 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. Encouraging results obtained from prospecting over the Can Fer, Pancer, Snook and new Thor and Scottie Lake 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.

NEW BRUNSWICK PROJECT

Plaster Rock Project

Uranium mineralization in New Brunswick is closely related to Devonian-aged intrusions and related volcanic rocks and younger Carboniferous-age sedimentary rocks. Uranium mineralization is hosted in sedimentary rocks 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. 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.

Exploration Update

Recently, the New Brunswick Government launched a new JMAP (Junior Miner Assistance Program) for 2009 to provide financial assistance up to 50% of eligible exploration costs, to a maximum refund of $50,000. Quest's submission for participation in the program was approved in May 2009 and the Corporation will be eligible for a $30,000 exploration grant. It is management's intent, therefore, to carry out reconnaissance gridding, ground geophysics and soil geochemistry over the highest priority targets during the fall. The results will be used to guide a mechanical trenching program to explain the causative anomalies defined from our earlier field work.

Results of Operations

Three-month period ended July 31, 2009 compared with three-month period ended July 31, 2008

For the three-month ended July 31, 2009, the Corporation reported a net loss of $631,656 or $0.020 basic and fully diluted net loss per share compared to a net loss of $259,451 or $0.012 basic and fully diluted net loss per share for the three-month period ended July 31, 2008.

Revenue, consisting of interest earned on funds on deposit, totaled $221 at July 31, 2009 as compared to $10,000 at July 31, 2008. The decrease of $9,779 was as a result of lower funds on deposit during the three-month period combined with the significant reduction in interest rates. No marketable securities were sold during the three-month periods ended July 31, 2009 and July 31, 2008.

The cost of mining properties and deferred costs are capitalized until the results of the projects are known. If a project is successful, the related expenditures will be amortized over a period of years pro-rata to anticipated income. If a project is abandoned or if a permanent drop in value for a property is recognized, the related expenditures will be written off. The disposal and write-down of mining properties and deferred costs for the three-month period ended July 31, 2009 were $497,379 ($40,335 – July 31, 2008). In accordance Section 3855 of the CICA handbook, marketable securities are carried at fair market value at July 31, 2009. As the market value of the marketable securities was $27,000 at July 31, 2009 ($24,000 – July 31, 2008), the Corporation recorded a gain on adjustment of value of marketable securities in the amount of $9,000 for the three-month period ended July 31, 2009 compared to a loss on adjustment of value marketable securities of $14,000 for the three-month period ended July 31, 2008. Stock option compensation expenses for the three-month period ended July 31, 2009 totaled $215,315 ($158,217 – July 31, 2008). Interest expenses related to the Part XII.6 tax as a consequence of the look-back rule totaled $Nil ($Nil – July 31, 2008). The recovery of income taxes renounced to investors on flow-through shares issued during the period totaled $191,999 ($35,074 – July 31, 2008). Expenses excluding the disposal and write-down of mining properties and deferred costs, gain on adjustment of value of marketable securities, stock-based compensation and interest totaled $120,182 compared to $115,470 for the three-month period ended July 31, 2008. Professional fees totaled $57,824 for the three-month period ended July 31, 2009 compared to $26,860 for the three-month period ended July 31, 2008. The increase of $30,964 related mainly to higher legal fees of $22,364 due to the increased activity during the period and an increase in financial consulting services in the amount of $8,600. Filing costs and shareholders' information decreased by $24,512 to $36,267 at July 31, 2009 compared $60,779 at July 31, 2008. The decrease of $24,512 consisted of: a reduction of $21,210 in advertising and promotion expenses; a decrease of $6,009 in expenses related to the annual meeting offset by an increase of $735 in listing and regulatory filing fees and an increase of $1,972 in investor relations fees. Administrative expenses and others decreased by $1,740 to $26,091 as at July 31, 2009 from $27,831 as at July 31, 2008. The decrease of $1,740 consisted mainly of: $543 in higher office salaries and related office costs; an increase of $717 for Directors and Officers liability insurance offset by a reduction of $3,000 as a result of a revised agreement with a related corporation for the sharing of its office and personnel.

Three-month period ended July 31, 2008

For the three-month period ended July 31, 2008, the Corporation reported a net loss of $259,451 or $0.012 basic and fully-diluted net loss per share. Revenue totaled $33,497 and consisted of interest income of $10,000 on bank balances from equity financings and operator's fee of $23,497.

Net loss for the three-month period ended July 31, 2008 included a write-off, write-down of properties of $40,335 and stock-based compensation expense of $158,217. In accordance Section 3855 of the

CICA handbook, marketable securities are carried at fair market value at July 31, 2008. As the market value of the marketable securities was $24,000 at July 31, 2008, the Corporation recorded a loss on adjustment of marketable securities in the amount of $14,000. Expenses excluding the disposal and write-down of mining properties and deferred costs, loss on adjustment of value of marketable securities and stock-based compensation totaled $115,470. Professional fees totaled $26,860 for the three-month period ended July 31, 2008 and consisted of legal, accounting and financial administration services provided during the period. For the three-month period ended July 31, 2008, Filing costs and shareholders' information totaled $60,779 and consisted of $4,078 related to listing and regulatory filing fees, $35,847 for advertising and promotion related activities and $20,854 regarding the Quest Annual meeting. Administrative expenses and others for the three-month period ended July 31, 2008 totaled $27,831 and consisted mainly of $7,500 related to head office expenses charged by Freewest Resources Canada Inc., $3,035 in directors' and officers liability insurance, $8,271 in office salaries, $5,470 in educational and training expenses and $3,555 in other office expenses.

Nine-month period ended July 31, 2009 compared with nine-month period ended July 31, 2008

For the nine-month ended July 31, 2009, the Corporation reported a net loss of $746,662 or $0.027 basic and fully diluted net loss per share compared to a net loss of $473,679 or $0.027 basic and fully diluted net loss per share for the nine-month period ended July 31, 2008.

Revenue, consisting of interest earned on funds on deposit and operator's fees totaled $2,728 at July 31, 2009 as compared to $54,549 at July 31, 2008. The decrease of $51,821 consisted of a reduction in interest earned of $28,324 as a result of lower funds on deposit during the nine-month period combined with the significant reduction in interest rates and $Nil earned in operator's fees for the nine-month period ended on July 31, 2009 compared to $23,497 earned during the nine-month period ended July 31, 2008 as a result the termination of the joint-venture agreement. No marketable securities were sold during the nine-month period ended July 31, 2009 and July 31, 2008.

The cost of mining properties and deferred costs are capitalized until the results of the projects are known. If a project is successful, the related expenditures will be amortized over a period of years pro-rata to anticipated income. If a project is abandoned or if a permanent drop in value for a property is recognized, the related expenditures will be written off. The disposal and write-down of mining properties and deferred costs for the nine-month period ended July 31, 2009 were $525,205 ($274,731 – July 31, 2008). In accordance Section 3855 of the CICA handbook, marketable securities are carried at fair market value at July 31, 2009. As the market value of the marketable securities was $27,000 at July 31, 2009, the Corporation recorded a gain on adjustment of value of marketable securities in the amount of $19,000. As the market value of the marketable securities was $24,000 at July 31, 2008, the Corporation recorded a loss on adjustment of marketable securities in the amount of $14,000. Stock option compensation expenses for the nine-month period ended July 31, 2009 totaled $383,943 ($158,217 – July 31, 2008). Interest expenses related to the Part XII.6 tax as a consequence of the look-back rule totaled $32,309 ($Nil – July 31, 2008). Expenses excluding the disposal and write-down of mining properties and deferred costs, gain on adjustment of value of marketable securities, stock-based compensation and interest totaled $274,932 compared to $297,203 for the nine-month period ended July 31, 2008. Professional fees totaled $89,081 for the nine-month period ended July 31, 2009 compared to $58,694 for the nine-month period ended July 31, 2008. The increase of $30,387 related mainly to higher legal fees of $22,364 due to the increased activity during the period and an increase in financial consulting services in the amount of $8,023. Filing costs and shareholders' information decreased by $77,663 to $114,219 at July 31, 2009 compared $191,882 at July 31, 2008. The decrease of $77,663 consisted of: $44,724 in lower listing and regulatory filing fees; a reduction of $30,850 in advertising, promotion and investor relations activities and $2,852 with respect to the initial share distribution offset by an increase of $763 related to the expenses related to the annual meeting. Administrative expenses and others increased by

$25,005 to $71,632 as at July 31, 2009 from $46,627 as at July 31, 2008. The increase of $25,005 consisted mainly of: $22,393 in higher office salaries and related office costs; an increase of $4,612 for Directors and Officers liability insurance and a decrease of $2,000 as a result of a revised agreement with a related corporation for the sharing of its office and personnel.

Nine-month period ended July 31, 2008

For the nine-month period ended July 31, 2008, the Corporation reported net loss of $473,679 or $0.027 basic and fully-diluted net loss per share. Revenue totaled $54,549 and consisted of interest income of $31,052 on bank balances from equity financings and operator's fee of $23,497.

Net loss for the nine-month period ended July 31, 2008 included a write-off, write-down of properties of $274,731, stock-based compensation expenses of $158,217 and the recognition of the income tax of $215,923 due to the temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. As the market value of the marketable securities was $24,000 at July 31, 2008, the Corporation recorded a loss on adjustment of marketable securities in the amount of $14,000. Expenses excluding the disposal and write-down of mining properties and deferred costs, gain on adjustment of value of marketable securities, stock-based compensation and interest totaled $297,203. Professional fees totaled $58,694 and consisted of legal, accounting and financial administration services provided during the period. Filing costs and shareholders' information totaled $191,882 of which $64,598 related to listing and regulatory filing fees, $94,539 related to advertising and promotion related activities and $32,745 regarding the Quest Annual meeting held on April 24, 2008. Administrative expenses and others of $46,627 consisted principally of $17,500 related to head office expenses charged by Freewest Resources Canada Inc., $6,504 in directors' and officers liability insurance, $8,271 in office salaries, $5,846 in educational and training expenses and $8,506 in other office expenses.

Summary of Quarterly Results

The following table presents unaudited financial information for the eight of the most recently completed financial quarters:

	2009			2008				2007
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	$	$	$	$	$	$	$	$
Revenue	221	1,247	1,260	74,844	33,497	17,783	3,269	-
Net(loss) income	(631,656)	(141,929)	26,923	54,779	(259,451)	(202,506)	(11,722)	(23,863)
Net (loss) income per share - basic and fully diluted	(0.020)	(0.005)	0.001	0.003	(0.012)	(0.010)	(0.001)	(0.012)

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

Nine-month period ended July 31, 2009 compared with nine-month period ended July 31, 2008

As at July 31, 2009, the Corporation maintained a cash or equivalent position of $1,731,032 ($1,314,595 as at July 31, 2008) and working capital of $1,616,510 ($930,921 as at July 31, 2008). The Corporation has no long-term debt. Management is of the opinion that the current cash position is sufficient to meet current commitments. Full development of some mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

For the nine-month period ended July 31, 2009, Quest raised a total $2,899,998 through four (4) private placements ($1,399,998 flow-through amount and $1,500,000 in common shares amount) compared to a total $2,438,700 consisting of $1,500,300 through one (1) private placement ($1,350,270 flow-through amount and $150,030 in common shares amount) and $938,400 in common shares through a rights offering for the nine-month period ended July 31, 2008. Issue costs related to the financings totaled $78,833 for the nine-month period ended July 31, 2009 ($146,290 – July 31, 2008).

Nine-month period ended July 31, 2008

As at July 31, 2008, the Corporation maintained a cash or equivalent position of $1,314,595 and working capital of $930,921. The Corporation had future income tax liabilities of $216,163. Management is of the opinion that the current cash position is sufficient to meet current commitments. The net future income tax liabilities would only become due in the event that the Corporation sold its mining properties for $3,227,018 as stated on the Balance Sheets. Should this event occur, the Corporation would have sufficient funds to pay all the applicable income tax liabilities from the proceeds of the sale. Full development of some mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Quest raised a total $2,438,700 consisting of $1,500,300 through one (1) private placement ($1,350,270 flow-through amount and $150,030 in common shares amount) and $938,400 in common shares through a rights offering. Issue costs related to the financings totaled $146,290.

Mining Properties and Deferred Costs

	October 31, 2008	Expenditures	Proceeds from option agreements	(Write-off Disposal or Grant)	July 31, 2009
	$	$	$	$	$
Quebec					
George River					
Acquisition	2,134,157	25,603	-	-	2,159,760
Exploration	591,257	617,720	-	(36,464)	1,172,513
James Bay Option					
Acquisition	67,963	15,600	-	(83,563)	-
Exploration	273,800	25,916	-	(299,716)	-
Stanhope-Hereford					
Acquisition	11	-	-	(11)	-
Exploration	1,098	461	-	(1,559)	-
Stewart Lake Quebec					
Acquisition	26,188	15,925	-	-	42,113
Exploration	7,083	63,010	-	(34,418)	35,675
Nanuk					
Acquisition	11,548	7,752	-	-	19,300
Exploration	156,231	97,184	-	(31,729)	221,686
Bawolak					
Acquisition	27,250	1,680	-	-	28,930
Exploration	10,231	6,171	-	(538)	15,864
Misery Lake					
Acquisition	-	42,372	-	-	42,372
Exploration	-	123,518	-	(4,410)	119,108
REE Project					
Acquisition	-	-	-	-	-
Exploration	-	76,620	-	-	76,620
Other					
Acquisition	-	3,600	-	(3,600)	-
Exploration		54,758	-	(54,758)	-
	3,306,817	**1,177,890**	-	**(550,766)**	**3,933,941**
ONTARIO					
Claw Lake					
Acquisition	12,461	(208)	-	(12,253)	-
Exploration	13,869	34	-	(13,903)	-
Kenora North					
Acquisition	120,392	4,896	-	-	125,288
Exploration	138,422	67,432	-	-	205,854
Snook Lake					
Acquisition	16,323	(39)	-	-	16,284
Exploration	16,241	2,546	-	-	18,787
Other					
Acquisition	-	(364)	-	364	-
Exploration	4,761	51,443	-	(56,204)	-
	322,469	**125,740**	-	**(81,996)**	**366,213**

Mining Properties and Deferred Costs (Cont'd)

	October 31, 2008	Expenditures	Proceeds from option agreements	(Write-off Disposal or Grant)	July 31, 2009
	$	$	$	$	$
NEW BRUNSWICK					
Plaster Rock					
Acquisition	88,874	788	-	-	89,662
Exploration	18,165	2,969	-	(18,000)	3,134
	107,039	**3,757**	-	**(18,000)**	**92,796**
LABRADOR/NFLD					
George River					
Acquisition	153,182	2,708	-	-	155,890
Exploration	147,588	33,238	-	-	180,826
	300,770	**35,946**	-	-	**336,716**
Canadian Properties	**4,037,095**	**1,343,333**	-	**(650,762)**	**4,729,666**
Stock-Based Compensation	22,719	46,717	-	-	69,436
	4,059,814	**1,390,050**	-	**(650,762)**	**4,799,102**

For the nine-month period ended July 31, 2009, the Corporation incurred exploration expenditures totaling $1,223,020 of which $1,065,358 was incurred in Quebec; $121,455 in Ontario; $2,969 in New Brunswick and $33,238 in Newfoundland and Labrador. The exploration expenditures incurred in Canada were partially funded through the amount raised from Quest's private placement equity financings.

Related Party Transactions

All related party transactions are in normal course of operations and are measured at the exchange value which is the amount of consideration established and agreed to by the related parties.

(i) During the period the Corporation retained the services of certain members of the board of directors of the Corporation to carry out work on its exploration projects and administrative duties. For the nine-month period ended July 31, 2009, the total amount of such services was $120,850 ($99,500 – July 31, 2008).

(ii) During the period the Corporation incurred fees of $62,010 (2008 - $64,942) to a law firm in which a director of the Corporation is a partner.

(iii) The related corporation charged an aggregate amount of $20,142 (2008 - $119,777) for administrative costs and services, shared office expenses and mining properties costs paid on behalf of Quest.

(iv) Due to related parties represent the net amount of charges for exploration and administrative expenses between Quest Uranium Corporation and Freewest Resources Canada Inc.

(v) Amounts due to (from) related parties are non-interest bearing with no specific terms of repayment.

Certain directors and shareholders of the Corporation are also directors, officers and shareholders of the related corporations.

ADMINISTRATIVE EXPENSES AND OTHERS

The table below details the amounts included in Administrative expenses and others of $71,632 for the nine-month period ended July 31, 2009 ($46,627 – July 31, 2008):

	July 31, 2009	July 31, 2008
	$	$
Office Expenses		
Salaries	31,769	8,271
Education and Training	3,783	5,846
Head Office	15,500	17,500
Office Supplies and Other	9,575	6,451
Directors and Officers Insurance	11,116	6,504
Bank Charges	1,169	1,312
Foreign Exchange	(1,280)	743
	71,632	**46,627**

CAPITAL STOCK

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

Authorized:

An unlimited number of no par value common shares.

	Number of Shares	Amount
	#	$
Issued:		
Balance at beginning, October 31, 2008 (audited)	21,357,000	4,422,114
Issuance of shares under flow-through agreements	8,114,279	1,399,998
Issuance of shares for cash	6,818,180	1,500,000
Issuance of shares on acquisition of mining properties	50,000	10,000
Issuance of shares as partial payment of debt	494,739	74,211
Issued and fully paid	36,834,198	7,406,323
Tax benefits renounced on flow-through shares	-	(447,999)
Balance at July 31, 2009 (unaudited)	36,834,198	6,958,324
Issuance of shares on exercise of options	259,999	38,500
Balance at end, September 23, 2009 (unaudited)	37,094,197	6,996,824

b) Stock option plan (cont'd)

	Number of Options	Weighted Average Exercise Price
	#	$
Balance at beginning October 31, 2008 (audited)	1,895,000	0.15
Granted	1,770,000	0.42
Balance at July 31, 2009 (unaudited)	3,665,000	0.28
Exercised	(259,999)	0.15
Balance at end, September 23, 2009 (unaudited)	3,405,001	0.30

Accounting for the stock-based compensation plan

The fair value of the 1,800,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.96%
Expected volatility	89%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.297

The expenses related to the 1,800,000 stock options granted at $0.15 per option to directors, officers and consultants on January 11, 2008 were $495,841 classified under the "Administration - Expenses" and $61,980 classified under "Mining properties and deferred costs" over the eighteen month vesting period. In fiscal 2008, the fair value of $165,280 was recorded as administration expenses and $20,660 was recorded as mining properties and deferred costs. For the nine-month period ended July 31, 2009, the fair value of $330,561 was recorded as administration expenses and $41,320 was recorded as mining properties and deferred costs.

The fair value of the 35,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.45%
Expected volatility	89%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.145

The expenses related to the 35,000 stock options granted at $0.15 per option to employees on February 25, 2008 were $Nil classified under the "Administration - Expenses" and $5,528 classified under "Mining properties and deferred costs" over the eighteen month vesting period. In fiscal 2008, the fair value of $Nil was recorded as administration expenses and $1,842 was recorded as mining properties and deferred costs. For the nine-month period ended July 31, 2009, the fair value of $Nil was recorded as administration expenses and $1,843 was recorded as mining properties and deferred costs.

Accounting for the stock-based compensation plan (cont'd)

The fair value of the 60,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.12%
Expected volatility	89%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.033

The expenses related to the 60,000 stock options granted at $0.10 per option to employees on October 28, 2008 were $Nil classified under the "Administration - Expenses" and $2,000 classified under "Mining properties and deferred costs" over the eighteen month vesting period. In fiscal 2008, the fair value of $Nil was recorded as administration expenses and $217 was recorded as mining properties and deferred costs. For the nine-month period ended July 31, 2009, the fair value of $Nil was recorded as administration expenses and $1,389 was recorded as mining properties and deferred costs.

The fair value of the 600,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.96%
Expected volatility	90%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.018

The expenses related to the 600,000 stock options granted at $0.10 per option to directors and officers on February 2, 2009 were $10,980 classified under the "Administration - Expenses" and $Nil classified under "Mining properties and deferred costs" over the eighteen month vesting period. For the nine-month period ended July 31, 2009, the fair value of $6,699 was recorded as administration expenses and $Nil was recorded as mining properties and deferred costs.

The fair value of the 600,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.96%
Expected volatility	90%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.018

The expenses related to the 600,000 stock options granted at $0.10 per option to directors and officers on February 2, 2009 were $10,980 classified under the "Administration - Expenses" and $Nil classified under "Mining properties and deferred costs" over the eighteen month vesting period. For the nine-month period ended July 31, 2009, the fair value of $6,699 was recorded as administration expenses and $Nil was recorded as mining properties and deferred costs.

Accounting for the stock-based compensation plan (cont'd)

The fair value of the 420,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.44%
Expected volatility	90%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.215

The expenses related to the 420,000 stock options granted at $0.305 per option to consultants on July 1, 2009 were $68,800 classified under the "Administration - Expenses" and $21,500 classified under "Mining properties and deferred costs" over the eighteen month vesting period. For the nine-month period ended July 31, 2009, the fair value of $6,975 was recorded as administration expenses and $2,180 was recorded as mining properties and deferred costs.

The fair value of the 750,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.44%
Expected volatility	91%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.522

The expenses related to the 750,000 stock options granted at $0.75 per option to directors on July 27, 2009 were $391,657 classified under the "Administration - Expenses" and $Nil classified under "Mining properties and deferred costs" over the eighteen month vesting period. For the nine-month period ended July 31, 2009, the fair value of $39,708 was recorded as administration expenses and $Nil was recorded as mining properties and deferred costs.

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
	#	$
Balance at beginning October 31, 2008 (audited)	250,050	0.30
Granted	3,409,089	0.40
Expired	(250,050)	0.30
Balance at end, September 23, 2009 (unaudited)	3,409,089	0.40

The fair value of the 3,409,089 warrants issued on June 26, 2009 was estimated to be $285,711 using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.04%
Expected volatility	85%
Dividend yield	Nil
Expected life	1 year
Fair value per warrant granted	$0.084

Critical Accounting Policies

The Corporation prepares its financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") in Canada applicable to a going concern. However, the Corporation is in an exploration stage and is subject to the risks and challenges particular to companies at this stage. There is no assurance that the Corporation's projects will be successful. As a result, there may be doubt regarding the going concern assumption. The Corporation's 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. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate. These adjustments could be material.

The Corporation details its significant accounting policies in note 2 to its 2008 financial statements, of which the Corporation 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 income 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 has financed 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 7(b) to its 2008 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. 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. 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 mining properties and deferred costs and administration expenses with a corresponding credit to Contributed Surplus.

All financial instruments are classified into one of five categories: held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other liabilities.

(1) Financial assets and liabilities classified as held-for-trading are required to be measured at fair value, with gains and losses recognized in net income.

(2) Financial assets classified as held-to-maturity, loans and receivables and financial liabilities (other than those held-for-trading) are required to be measured at amortized cost using effective interest method of amortization.

(3) Available-for-sale financial assets are required to be measured at fair value with unrealized gains and losses recognized in Other Comprehensive Income (loss). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in active market should be measured at cost.

The Corporation has implemented the following classification:

(1) Cash, cash held for exploration work (see note 3 to the 2008 financial statements) and marketable securities (see note 4 to the 2008 financial statements) are classified as held-for-trading.

(2) Accounts receivable and due from related party are classified as loans and receivables.

(3) Accounts payable and accrued liabilities and due to related corporation are classified as other liabilities.

Changes in Accounting Policies

The Corporation did not make any changes in its accounting policies for the three-month and nine-month periods ended July 31, 2009.

Financial Instruments

The Corporation's financial instruments consist of cash, cash held for exploration, marketable securities, accounts receivable, due from related Corporations, accounts payable and accrued liabilities, and due to related parties. 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.

Fair value estimates are made at the balance sheet dates, based on relevant market information, the carrying value of investments approximates their fair value.

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purpose.

(1) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

(2) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash held for exploration work (see note 3 to the 2008 financial statements), accounts receivable and due from a related party. Accounts receivable consist mainly of recoverable goods and services taxes paid by the Corporation.

(3) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they become due. The Corporation's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuance. The Corporation manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

(4) Price risk

The Corporation is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact of the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earning and economic value due to commodity price movements and volatilities. The Corporation closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Corporation. Fluctuation is pricing may be significant.

Off-Balance Sheet Arrangements

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

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for accounting standards in Canada under which the current accounting standards for publicly accountable enterprises in Canada will be replaced with IFRS for fiscal years beginning on or after January 1, 2011. The Corporation will continue to monitor the developments in regards to AcSB's plan and has not yet determined the impact of these prospective changes on the financial statements of the Corporation.

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 interim 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. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects. The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as at July 31, 2009 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in this interim report.

(Signed: Peter J. Cashin)	(Signed: Ronald Kay)
President & Chief Executive Officer	Chief Financial Officer

Montreal, Quebec
September 23, 2009

QUEST URANIUM CORPORATION

INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED JULY 31, 2009

STATEMENT CONCERNING THE INTERIM FINANCIAL STATEMENTS

Management has compiled the unaudited interim financial statements as at July 31, 2009 and for the three-month and nine-month periods ended July 31, 2009 and 2008. The statements have not been audited or reviewed by the Corporation's auditors or any other firm of chartered accountants.

QUEST URANIUM CORPORATION
(AN EXPLORATION STAGE CORPORATION)
BALANCE SHEETS
AS AT

	July 31 2009 (Unaudited)	October 31 2008 (Audited)
	$	$
ASSETS		
CURRENT		
Cash	1,273,697	69,868
Cash held for exploration work	457,335	6,607
Marketable securities (note 3)	27,000	8,000
Accounts receivable	78,485	339,485
Due from related party (note 5)	20,728	34,623
Prepaid expenses and deposits	149,708	39,022
	2,006,953	497,605
Mining properties and deferred costs	4,799,102	4,059,814
	6,806,055	4,557,419
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	389,607	136,477
Due to related corporation (note 5)	836	146,705
	390,443	283,182
Future income tax liabilities	252,529	252,529
	642,972	535,711
SHAREHOLDERS' EQUITY		
Capital stock (note 4)	6,958,324	4,422,114
Contributed surplus (note 4)	649,737	219,077
Deficit	(1,444,978)	(619,483)
	6,163,083	4,021,708
	6,806,055	4,557,419

See accompanying notes to financial statements.

Approved on Behalf of the Board:

(Signed: Peter J. Cashin) Director

(Signed: Ronald Kay) Director

QUEST URANIUM CORPORATION
(AN EXPLORATION STAGE CORPORATION)
INTERIM STATEMENT OF INCOME AND DEFICIT
(UNAUDITED)

	Three-month period ended July 31		Nine-month period ended July 31	
	2009	2008	2009	2008
	$	$	$	$
Income				
Interest	221	10,000	2,728	31,052
Operator's fees	-	23,497	-	23,497
	221	33,497	2,728	54,549
Expenses				
Professional and accounting fees	57,824	26,860	89,081	58,694
Filing costs and shareholders' information	36,267	60,779	114,219	191,882
Administrative expenses and others	26,091	27,831	71,632	46,627
Interest	-	-	32,309	-
Disposal and write-down of mining properties and deferred costs	497,379	40,335	525,205	274,731
(Gain) loss on adjustment of marketable securities	(9,000)	14,000	(19,000)	14,000
Stock-based compensation	215,315	158,217	383,943	158,217
	823,876	328,022	1,197,389	744,151
(Loss) before income taxes	(823,655)	(294,525)	(1,194,661)	(689,602)
Income taxes - future	191,999	35,074	447,999	215,923
Net (loss)	(631,656)	(259,451)	(746,662)	(473,679)
Deficit - at the beginning	(784,572)	(415,384)	(619,483)	(23,863)
Issue costs	(28,750)	(75)	(78,833)	(177,368)
Deficit - at the end	(1,444,978)	(674,910)	(1,444,978)	(674,910)
Net (loss) per share basic and fully diluted	(0.020)	(0.012)	(0.027)	(0.027)
Weighted average number of shares basic and fully diluted	32,185,089	21,257,000	28,110,800	17,448,730

See accompanying notes
to financial statements.

QUEST URANIUM CORPORATION
(AN EXPLORATION STAGE CORPORATION)
INTERIM STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three-month period ended July 31		Nine-month period ended July 31	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Cash flows from (used in) operating activities				
Net (loss)	(631,656)	(259,451)	(746,662)	(473,679)
Adjustments for:				
Disposal and write-down of mining properties and deferred costs	497,379	40,335	525,205	274,731
Stock-based compensation	215,315	158,217	383,943	158,217
(Gain) loss on adjustment of marketable securities	(9,000)	14,000	(19,000)	14,000
Income taxes - future	(191,999)	(35,074)	(447,999)	(215,923)
	(119,961)	(81,973)	(304,513)	(242,654)
Changes in non-cash working capital components				
Accounts receivable	(50,923)	(70,862)	261,000	(105,829)
Due from related party	12,298	(34,400)	13,895	(34,400)
Prepaid expenses and deposits	(95,111)	5,775	(110,686)	(63,274)
Accounts payable and accrued liabilities	336,486	408,669	253,130	467,537
Due to related corporation	(117,970)	11,281	(71,658)	119,777
	84,780	320,463	345,681	383,811
Cash flows from operating activities	(35,181)	238,490	41,168	141,157
Cash flows from financing activities				
Issuance of shares	1,500,000	-	1,500,000	1,088,430
Issuance of flow-through shares	599,998	-	1,399,998	1,350,270
Issue costs	(28,750)	(76)	(78,833)	(146,290)
Cash flows from financing activities	2,071,248	(76)	2,821,165	2,292,410
Cash flows (used in) investing activities				
Mining properties acquisition expenditures	(82,844)	(89,023)	(110,313)	(249,827)
Mining properties exploration expenditures	(852,965)	(514,267)	(1,223,020)	(870,145)
Government grants	125,557	-	125,557	-
Cash flows (used in) investing activities	(810,252)	(603,290)	(1,207,776)	(1,119,972)
Increase in cash and cash equivalents	1,225,815	(364,876)	1,654,557	1,313,595
.				
Cash and cash equivalents - at the beginning	505,217	1,679,471	76,475	1,000
Cash and cash equivalents - at the end	**1,731,032**	**1,314,595**	**1,731,032**	**1,314,595**
Cash and cash equivalents consist of:				
Cash	1,273,697	589,380	1,273,697	589,380
Cash held for exploration work	457,335	725,215	457,335	725,215
	1,731,032	**1,314,595**	**1,731,032**	**1,314,595**
ADDITIONAL INFORMATION				
Interest received	221	10,000	2,728	31,052
Interest paid	Nil	Nil	32,309	Nil
Income taxes paid	Nil	Nil	Nil	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. (Freewest) with the intention of taking over the uranium exploration activities previously carried on by Freewest.

On December 7, 2007, Freewest 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 include: (i) the George River property, in respect of which a technical report had 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 properties transferred by Freewest to the Corporation comprised Freewest's portfolio of uranium exploration properties. Freewest retains rights to certain precious metals and base metals with respect to certain properties transferred.

On December 11, 2007 Freewest distributed an aggregate amount of 6,256,979 common shares of the Corporation held by Freewest. Each Freewest shareholder of record at the close of business on December 10, 2007 received one common share of the Corporation for every 25 common shares of Freewest held. After the distribution, Freewest held approximately 17.8% of the Corporation's issued and outstanding shares. As at October 31, 2008, Freewest held approximately 17.5% of the Corporation's shares, and therefore no longer controlled the Corporation.

The Corporation, directly and through joint ventures, is presently engaged in the business of exploration and development of its mining properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mining properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mining claims, the ability of the Corporation to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition of the properties.

To date, the Corporation has not earned significant revenues and is considered to be in the exploration stage. The Corporation has an accumulated deficit of $1,444,978 as at July 31, 2009.

The accompanying financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern. However, the Corporation is in an exploration stage and is subject to the risks and challenges particular to companies at this stage. There is no assurance that the Corporation's projects will be successful. As a result, there may be doubt regarding the going concern assumption. The Corporation's 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, the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate. These adjustments could be material.

2. USE OF ESTIMATES

The preparation of the unaudited interim financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the unaudited interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the unaudited interim financial statements are reasonable and prudent; however, actual results could differ from these estimates.

3. MARKETABLE SECURITIES

In accordance with Section 3855 of the CICA handbook, marketable securities held for trading are carried at fair market value. Fair market value at July 31, 2009 was $27,000 ($24,000 - July 31, 2008). The change in fair value for the nine-month period ended July 31, 2009 of $19,000 was recorded as a " Gain on adjustment of marketable securities" compared to a "Loss on adjustment of marketable securities" of $14,000 for the nine-month period ended July 31, 2008.

4. CAPITAL STOCK

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

Authorized:

An unlimited number of no par value common shares.

	Number of Shares	Amount
	#	$
Issued:		
Balance at beginning, October 31, 2008 (audited)	21,357,000	4,422,114
Issuance of shares under flow-through agreements	8,114,279	1,399,998
Issuance of shares for cash	6,818,180	1,500,000
Issuance of shares on acquisition of mining properties	50,000	10,000
Issuance of shares in partial payment of debt	494,739	74,211
	36,834,198	7,406,323
Tax benefits renounced on flow-through shares	-	(447,999)
Balance at end, July 31, 2009 (unaudited)	36,834,198	6,958,324

b) Stock option plan

	Number of Options	Weighted Average Exercise Price
	#	$
Balance at beginning, October 31, 2008 (audited)	1,895,000	0.15
Granted	1,770,000	0.42
Balance at end, July 31, 2009 (unaudited)	3,665,000	0.28

Accounting for the stock-based compensation plan

The fair value of the 1,800,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.96%
Expected volatility	89%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.297

The expenses related to the 1,800,000 stock options granted at $0.15 per option to directors, officers and consultants on January 11, 2008 were $495,841 classified under the "Administration - Expenses" and $61,980 classified under "Mining properties and deferred costs" over the eighteen month vesting period. In fiscal 2008, the fair value of $165,280 was recorded as administration expenses and $20,660 was recorded as mining properties and deferred costs. For the nine-month period ended July 31, 2009, the fair value of $330,561 was recorded as administration expenses and $41,320 was recorded as mining properties and deferred costs.

4. CAPITAL STOCK (cont'd)

Accounting for the stock-based compensation plan (cont'd)

The fair value of the 35,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.45%
Expected volatility	89%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.145

The expenses related to the 35,000 stock options granted at $0.15 per option to employees on February 25, 2008 were $Nil classified under the "Administration - Expenses" and $5,528 classified under "Mining properties and deferred costs" over the eighteen month vesting period. In fiscal 2008, the fair value of $Nil was recorded as administration expenses and $1,842 was recorded as mining properties and deferred costs. For the nine-month period ended July 31, 2009, the fair value of $Nil was recorded as administration expenses and $1,843 was recorded as mining properties and deferred costs.

The fair value of the 60,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.12%
Expected volatility	89%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.033

The expenses related to the 60,000 stock options granted at $0.10 per option to employees on October 28, 2008 were $Nil classified under the "Administration - Expenses" and $2,000 classified under "Mining properties and deferred costs" over the eighteen month vesting period. In fiscal 2008, the fair value of $Nil was recorded as administration expenses and $217 was recorded as mining properties and deferred costs. For the nine-month period ended July 31, 2009, the fair value of $Nil was recorded as administration expenses and $1,389 was recorded as mining properties and deferred costs.

The fair value of the 600,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.96%
Expected volatility	90%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.018

The expenses related to the 600,000 stock options granted at $0.10 per option to directors and officers on February 2, 2009 were $10,980 classified under the "Administration - Expenses" and $Nil classified under "Mining properties and deferred costs" over the eighteen month vesting period. For the nine-month period ended July 31, 2009, the fair value of $6,699 was recorded as administration expenses and $Nil was recorded as mining properties and deferred costs.

4. CAPITAL STOCK (cont'd)

Accounting for the stock-based compensation plan (cont'd)

The fair value of the 420,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.44%
Expected volatility	90%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.215

The expenses related to the 420,000 stock options granted at $0.305 per option to consultants on July 1, 2009 were $68,800 classified under the "Administration - Expenses" and $21,500 classified under "Mining properties and deferred costs" over the eighteen month vesting period. For the nine-month period ended July 31, 2009, the fair value of $6,975 was recorded as administration expenses and $2,180 was recorded as mining properties and deferred costs.

The fair value of the 750,000 options was estimated using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.44%
Expected volatility	91%
Dividend yield	Nil
Expected life	5 years
Fair value per option granted	$0.522

The expenses related to the 750,000 stock options granted at $0.75 per option to directors on July 27, 2009 were $391,657 classified under the "Administration - Expenses" and $Nil classified under "Mining properties and deferred costs" over the eighteen month vesting period. For the nine-month period ended July 31, 2009, the fair value of $39,708 was recorded as administration expenses and $Nil was recorded as mining properties and deferred costs.

c) Warrants

	Number of Warrants	Exercise Price
	#	$
Balance at beginning, October 31, 2008 (audited)	250,050	0.30
Granted	3,409,089	0.40
Expired	(250,050)	0.30
Balance at end, July 31, 2009 (unaudited)	3,409,089	0.40

The fair value of the 3,409,089 warrants issued on June 26, 2009 was estimated to be $285,711 using Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.04%
Expected volatility	85%
Dividend yield	Nil
Expected life	1 year
Fair value per warrant granted	$0.084

5. RELATED PARTY TRANSACTIONS

All related party transactions are in normal course of operations and are measured at the exchange value which is the amount of consideration established and agreed to by the related parties.

(i) During the period the Corporation retained the services of certain members of the board of directors of the Corporation to carry out work on its exploration projects and for financial consulting services. For the nine-month period ended July 31, 2009, the total amount of such services was $120,850 (2008 - $99,500).

(ii) During the period the Corporation incurred fees of $62,010 (2008 - $64,942) to a law firm in which a director of the Corporation is a partner.

(iii) The related corporation charged an aggregate amount of $20,142 (2008 - $119,777) for administrative costs and services, shared office expenses and mining properties costs paid on behalf of Quest.

(iv) Due to related corporation represent the net amount of charges for shared office and related expenses, as well as exploration expenditures between Freewest Resources Canada Inc. and Quest Uranium Corporation.

(v) Amounts due to (from) related parties are non-interest bearing with no specific terms of repayment.

Certain directors and shareholders of the Corporation are also directors, officers and shareholders of the related corporation.

6. COMPARATIVE FIGURES

Certain items in the comparative unaudited interim financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 unaudited interim financial statements.