Laramide Resources Ltd.

# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three Months and Year Ended December 31, 2010
As at March 10, 2011

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to a reader to assess material changes in the financial condition and results of operations as at and for the years ended December 31, 2010 and 2009. The MD&A is intended to supplement the consolidated financial statements and notes thereto ("Statements") of Laramide Resources Ltd. ("Laramide" or the "Company") as at and for the years ended December 31, 2010 and 2009. You are encouraged to review the Statements in conjunction with this document.

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. This report is dated March 10, 2011, and the Company's filings, including its most recent Annual Information Form, can be reviewed on the SEDAR website at www.sedar.com.

## FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to Laramide's future exploration and drilling plans, environmental protection requirements, business plans and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved".

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining industry such as economic factors as they affect exploration, future commodity prices, obtaining financing, market conditions, changes in interest rates, actual results of current exploration activities, government regulation, political or economic developments, environmental risks, insurance risks, capital expenditures, operating or technical difficulties in connection with development activities, personnel relations, the speculative nature of uranium exploration and development, including the risks of diminishing quantities of grades of reserves; contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed or referred to in this MD&A and in Laramide's Annual Information Form.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions that may be identified in this MD&A and in Laramide's Annual Information Form, assumptions have been made regarding, among other things: the Company's ability to carry on its exploration and development activities, the timely receipt of any required approvals, the price of uranium, the ability of the Company to obtain qualified personnel, equipment and services in a timely and cost-efficient manner, the ability of the Company to operate in a safe, efficient and effective manner, the ability of the Company to obtain financing on acceptable terms, the accuracy of the Company's resources estimates and geological, operational and price assumptions on which these are based and the regulatory framework regarding environmental matters. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.

Although Laramide has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Laramide does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

**OVERVIEW**

Laramide Resources Ltd. is a publicly listed uranium exploration and development company. The Company has been public since 1981 and is listed on the Toronto Stock Exchange (TSX) under the symbol LAM, with 67,607,592 shares issued and outstanding.

The Company has interests in uranium properties in Australia and the U.S., as well as precious metal properties in Canada and Mexico through its equity stake in Treasury Metals Inc., which was spun off from Laramide in August 2008. Laramide also holds equity investments in several other public and private junior exploration companies.

Management believes the development of uranium properties is one of the more attractive areas in resource development globally, both because of the scarcity of quality development projects and because it believes nuclear power is uniquely positioned to capture a growing share of a rapidly growing market for electricity generation worldwide. While speculative buying may have fueled the steep run-up in uranium prices in the past decade, the underlying, global supply and demand fundamentals of uranium remain strong even without the added pressure from governments promoting nuclear as part of the solution to meet climate change objectives. The longer term picture continues to reflect a deficit of primary mined uranium relative to consumption, with the shortfall being made up by supply of decommissioned nuclear warheads, a source that is expected to be exhausted with the end of the Russian-U.S. HEU Agreement scheduled in 2013. Although the market appears to be fairly well balanced in the next one to three years, the supply scenario post-2013 is predicted by many forecasters to become much tighter, with new significant reactor construction now underway and proposed, and multiple countries publicly discussing further reactor construction between now and 2050. After spending most of 2010 trading quietly in a range of $40-42 per pound, uranium prices began strengthening materially late in the third quarter and traded briefly above $70 per pound in the first quarter of 2011. At the time of this writing however, tragic recent developments in Japan - involving 100 year+ natural disaster events both for earthquakes and tsunamis - have precipitated what appears to be a major nuclear crisis involving a reactor complex owned by Tokyo Electric Power, Japan's largest electric utility. The outcome of this crisis – and its effect on the growth prospects or indeed the future of nuclear power – is indeterminable at this time but is unlikely to be negligible.

At a minimum though, a thorough global review of the efficacy of existing safety protocols is both likely and prudent and given this emerging backdrop, the capital markets environment - even for well positioned developers like Laramide - is likely to become significantly more volatile and challenging, at least in the short term.

The Company's flagship project, Westmoreland, in Queensland, Australia, is one of the largest uranium deposits not controlled by a senior producer or utility, and is one of a small percentage of known deposits expected to have compelling economics at uranium prices of $50/lb based on Scoping Study economics. An updated resource estimate announced in April 2009, with Mining Associates reported an Indicated Mineral Resource totaling 36.0 million pounds of uranium ($U_3O_8$) contained in 18.7 million tonnes at an average grade of 0.089% $U_3O_8$, and an additional Inferred mineral resource totaling 15.9 million pounds of uranium ($U_3O_8$) contained in 9.0 million tonnes at an average grade of 0.083% $U_3O_8$ on the property (see section below entitled "Westmoreland Property – Queensland, Australia").

In addition, to the Westmoreland deposit in Queensland, the project includes two contiguous joint ventures on projects located within the Northern Territory. (see section below entitled "Northern Territory Joint Ventures, Northern Territory, Australia).

Laramide's U.S. properties provide diversification by jurisdiction (Grants, New Mexico and Lisbon Valley, Utah) and by stage of project, as both U.S. properties were previously permitted, with the La Sal, Utah property potentially eligible for fast-track permitting due to the nature of its proposed operations. The La Jara Mesa project is located in the prolific Grants Mineral Belt, NM. It hosts 10.5 million pounds $U_3O_8$ and is currently undergoing permitting. The La Sal project hosts 2.7 million pounds of $U_3O_8$ (non-complaint with NI 43-101), has significant mine infrastructure in place and is located in close proximity to an operation uranium mill that is actively seeking ore feed (see discussion below in the section entitled "Homestake Uranium Properties").

The Company also owns a portfolio of uranium royalties in the Grants Mineral District of New Mexico, USA. which were acquired in 2006 from United Nuclear Corporation, a wholly owned indirect subsidiary of General Electric Company (GE) since 1997. The royalty portfolio covers four separate parcels of mineral leases (Section 8, a portion of Section 17, and the Mancos area, which comprises all of Section 13 and portions of Section 12 and 7) in the Church Rock area of McKinley County which is located 20 miles northeast of Gallup, New Mexico. The properties are presently owned by a subsidiary of Uranium Resources, Inc. ("URI"), a U.S. publicly traded uranium company, and URI has publicly committed to initial production from the properties in 2013.

The three equity holdings contributing the largest asset values are the 110,000 shares of Pan American Silver Corp. (non-uranium, classified as "Investments held for trading" in the Notes to the Financial Statements), the 7.1 million shares of Khan Resources Inc., and the 5.18 million shares of Treasury Metals Inc. which were retained in connection with the spin-off transaction and distribution by Return of Capital to Laramide shareholders. Laramide's other equity holdings include 10 million shares of Uranium Equities Limited ("UEL"). UEL is exploring for uranium primarily in the Alligator Rivers Region of the Northern Territory of Australia near the site of the Nabarlek Uranium mine. UEL has joint ventures with both Cameco Corporation ("Cameco") and Vale Exploration Pty. Laramide also holds 5 million shares of Alligator Energy Limited ("Alligator"), a company incorporated in Australia and listed on Australian Securities Exchange. All of the equity holdings are discussed in the "Investments" section, and the Treasury Metals spin-off is detailed in the MD&A for the third quarter of 2008.

The Company operates through its wholly owned U.S. subsidiaries Cerro Dorado Inc., Laramide Resources (USA) Inc., Laramide La Sal, Inc., and its wholly owned Australian subsidiaries Lagoon Creek Resources Pty Ltd., Westmoreland Resources Pty Ltd., and Tackle Resources Pty Ltd. Its wholly owned Mexican subsidiary is inactive. The organization chart contained in the 2010 Annual Information Form depicts the intercorporate relationships.

## RESULTS OF OPERATIONS – EXPLORATION AND DEVELOPMENT

The following is a summary of exploration activities and deferred exploration expenses:

| Property | Balance 31-Dec-09 | Incurred in three months ending | | | | Balance 31-Dec-10 |
|---|---|---|---|---|---|---|
| | | 31-Mar-10 | 30-Jun-10 | 30-Sep-10 | 31-Dec-10 | |
| **Westmoreland,** Queensland, Australia | 44,091,309 | 1,032,819 | 1,607,716 | 1,440,932 | 1,685,910 | 49,858,686 |
| **Northern Territory JVs**, Australia | 8,381,817 | 72,385 | 107,717 | 377,325 | 42,627 | 8,981,871 |
| **Homestake properties,** USA | 5,165,429 | 255,535 | 156,217 | 719,350 | 284,768 | 6,581,299 |
| **UNC Mineral Royalty,** USA | 4,382,227 | | | | | 4,382,227 |
| **Total** | **62,020,782** | **1,360,739** | **1,871,650** | **2,537,607** | **2,013,305** | **69,804,083** |

## WESTMORELAND PROPERTY, Queensland, Australia

The Westmoreland Project in Queensland, Australia is Laramide's flagship uranium project, acquired in the third quarter of 2005 following an initial option agreement in June 2004. Laramide owns 100% of Westmoreland (subject to a 1% Net Smelter Royalty "NSR" to Royal Gold Inc.), and continues to advance the project through an ongoing drilling campaign.

The project is located in northwest Queensland near the Northern Territory border. The Westmoreland project was discovered by Mount Isa Mines and has had a long history of exploration. Most recently, the project was held by Rio Tinto Exploration from 1990 to 2000 during which time it completed a pre-feasibility study. Laramide acquired Westmoreland in April 2004 and has subsequently completed an extensive program of airborne geophysics, drilling and environmental work. The Company completed two separate resource calculations and in March, 2007 completed a mining scoping study with GRD Minproc of Perth, Australia. The chronology of Laramide's activity at Westmoreland has been summarized in prior MD&As, with activity over the two most recent years summarized as follows:

- July 2008: First phase of Westmoreland drilling by Laramide was completed, with 121 holes over 11,248 metres. Drilling results were consistent with predecessor data, or better than expected.

- October 2008: Assay results from 31 drill holes at Westmoreland were reported, including Hole WDD08-75 at Redtree which returned 48 metres @ 0.11% $U_3O_8$ and WDD08-084 which intersected 31 metres @ 0.08% $U_3O_8$. These results represented the last holes in the first phase program.

- December 2008: Final assay results were reported, for drilling up to the cut-off date for upcoming NI 43-101 compliant resource estimate on Westmoreland, expected in the first half of 2009. Highlights included Hole WDD08-096, containing 10 metres @ 0.66% $U_3O_8$. The majority of holes reported within the Jack Lens of the Red Tree deposit intersected mineralization within 10 metres of surface. The Red Tree deposit is the Westmoreland area containing most of the resource.

- April 2009: An updated resource estimate was announced, with Mining Associates reporting an Indicated Mineral Resource totaling 36.0 million pounds of uranium ($U_3O_8$) contained in 18.7 million tonnes at an average grade of 0.089% $U_3O_8$, and an additional Inferred mineral resource totaling 15.9 million pounds of uranium ($U_3O_8$) contained in 9.0 million tonnes at an average grade of 0.083% $U_3O_8$ on the property.

- November 2009: Laramide announced the start of the next drill program at Westmoreland, to comprise 3,000 metres testing exploration targets along a three-kilometre structural corridor between the Huarabagoo and Junnagunna deposits. The drilling is planned on 300 – 500 metre centres in order to cover a large ground area with a fairly conservative program. First results were reported in early 2010, and the drill program is currently shut down as rainy season conditions impede access.

- August 2010: After a long rainy season with unusually high precipitation in April, the environmental survey studies characterizing the rainy season were performed in the third quarter of 2010, and drilling at both the Northern Territory JV properties (mainly the Hartz Range/ Gulf Resources JV property) and at Westmoreland was completed. A total of 19 holes (1378 metres) were drilled at Westmoreland between the Huarabagoo (7 holes) and Sue-Outcamp areas (12 holes). Assay results for these holes were announced in November 2010. Metallurgical work also commenced, with the engagement of Rolly Nice, a consulting metallurgical engineer with extensive and diversified expertise in uranium mineral processing worldwide (Elliot Lake, Jabiluka, Ranger). The metallurgical test work is described in more detail below.

- November 2010: The Environmental program for flora, fauna and ground and water sampling was initiated. The wet season started in December 2010 and ground access to the camp became difficult. Some ground and surface sampling will continue throughout the wet season.

*Activity Q4 2010*

Exploration expenditures at Westmoreland were $1,685,910 (including $197,854 of stock option vesting costs) for the three months ended December 31, 2010. In Q3 2010, certain items that were recorded under “Lagoon Creek Project” in Note 8 to the Consolidated Financial Statements, and described under “Northern Territory JVs” in the MD&A were reallocated to the Westmoreland project, because following a review of the tenements, Laramide determined that expenditures on two tenements outside the main Westmoreland tenements but still within Queensland should be grouped with Westmoreland. This reallocation was made retroactive to September 30, 2009. The reallocation accounted for $539,249 being deducted from the Northern Territory JVs (accounting for the negative expenditure showing in the quarter) and added to Westmoreland. After this reclassification, all of the tenements in Queensland including the main Westmoreland and other surrounding tenements are grouped under “Westmoreland” for our external reporting, and expenditures under “Northern Territory JVs” include only the JV expenditures and expenditures on two other wholly-owned tenements (“Benmarra”) with total year-to-date expenditure of less than AUD$20,000.

Expenditures in Q4 at Westmoreland were $244,978 higher than expenditures in the prior quarter, mainly due to the environmental work initiated in late October (approx. AUD$355,000). Q3 included metallurgical studies (approx. AUD$150,000) underway at the Australian Nuclear Science and Technology Organization (ANSTO), as described in the Q2 2010 MD&A.

Assay results for drilling completed in September 2010 were released. A total of 19 diamond drill holes for 1377.9 metres were drilled in August and September 2010. Of the 19 drill holes, 7 holes were drilled for 630.40 metres at Huarabagoo, and 12 holes were drilled for 747.50 metres at Long Pocket.

The Long Pocket area is located 8km east of Junnagunna and incorporates the historic Sue-Outcamp and Black Hills prospects. Drilling at Long Pocket was undertaken to test the tenor and distribution of mineralization at the historic Outcamp prospect area. Drilling at Huarabagoo was undertaken primarily to obtain structural data on mineralizing structures in the northern part of that prospect. The Huarabagoo drilling confirmed the Huarabagoo mineralization is bound by steep structures broadly parallel to the Redtree Dyke with indications of horizontal mineralization in coarser more permeable sandstone facies. Diagrams are available on our company website at www.laramide.com.

Best results for the program included:

- LPDD10-004 (Long Pocket) with 4m at 0.13% U3O8 from 19m below ground level;
- LPDD10-006 (Long Pocket) with 4m at 0.29% U3O8 from 23m below ground level;
- LPDD10-009 (Long Pocket) with 15m at 0.09% U3O8 from 5m below ground level;
- WDD10-150 (Huarabagoo) with 16m at 0.08% U3O8 from 19m below ground level;
- WDD10-151 (Huarabagoo) with 9m at 0.16% U3O8 from 22m below ground level;

The drilling at Long Pocket is the first drilling undertaken by Laramide in this area which was last explored in the late 1990's by Rio Tinto. The Long Pocket area contains a complex of radiometric anomalies which are comparable in size to the Redtree-Huarabagoo radiometric anomalies. Past drilling indicated that a broad zone of shallow, flat lying mineralization is associated with the radiometric anomalies. Drilling in August consisted of a single traverse of 50 metre spaced drill holes across the historic Outcamp prospect. Drilling confirmed the presence of a broad, flat-lying and relatively shallow zone of uranium mineralization. In this area, the width of the mineralized zone (>0.02% U3O8) is approximately 500 metres. The results from this preliminary drilling provide encouragement to further drill test the area to determine its resource potential.

A more extensive drilling program is planned for 2011 to provide sufficient data to undertake a revised resource estimation and to facilitate an updated scoping study for the project. The scoping study will incorporate the results of extensive metallurgical testwork currently underway and all previous drilling and resource modeling data. The scoping study will include a new pit optimization and scheduling study. Laramide believes it is likely that the Westmoreland project can support higher production rates than the 3 Million lbs per annum proposed in the 2007 scoping study due to the confirmed size of total resources, the geometry of the deposits (80% of resources occur within 50 metres of the surface) and favourable metallurgical properties.

Currently, work at Westmoreland is focused on completing a further program of environmental baseline data collection. This program will bring an end to collection of major data for the eventual Environmental Study and will allow Laramide to be in a position to commence a feasibility study and file for permits once there is a clear path to development of the project. Ongoing monitoring of Environmental information such as weather will continue.

*Queensland Political Developments*

In recent history, acquiring mine development permits in Australia for uranium was complicated by a policy platform of one of the two main political parties in Australia – the Australian Labor Party ("ALP"). The policy platform, most commonly known as the Three Mines Policy, restricted uranium mining to existing permitted operations. At the April 2007 National ALP Conference, the ALP voted in favour of overturning the policy. This was a major milestone in the federal political climate, as the Liberal Party is already pro-uranium mining. The change in the ALP stance means that both parties at the federal level support uranium mining.

Although the sentiment at the federal level has evolved progressively, permitting is dealt with at the individual State government level. The current Queensland government is an ALP government that has traditionally been opposed to new uranium mine development, and the current Premier of Queensland, Anna Bligh, has thus far remained opposed to change despite the change in the federal ALP stance.

Notwithstanding the policy of the current State government, the Company believes it has developed strong local support for the Westmoreland project and believes Australia has a pre-eminent strategic position in uranium as a secure supplier of choice to the world's nuclear utilities. The Queensland policy stands in the way of maximizing this competitive national advantage, and for that reason, Laramide remains optimistic that federal pressure and state support for job creation and economic benefit and environmental/carbon considerations will ultimately influence the political discourse on uranium. Predicting the timing for such a change, however, is not possible and the Bligh government's current mandate extends until the next scheduled Queensland election on March 31, 2012.

**NORTHERN TERRITORY JOINT VENTURES, Northern Territory, Australia**

As part of its strategy to control ground contained within a large mineralized system in Australia, the Company entered into joint venture agreements to control two large properties adjacent to Westmoreland in the Northern Territory, where exploration is continuing, and no state policy prohibiting the mining of uranium exists. In addition, the Company holds two tenements in the Northern Territory, situated across the border approximately 100 kilometers from the main Westmoreland tenements where Laramide is the 100% owner. The reclassification of Northern Territory JV / Lagoon Creek expenditures referenced above and in Note 8 to the Consolidated Financial Statements reflects the decision to account for expenditures on these two tenements as Westmoreland expenditures, given that they are not part of either of the JVs and are likely to be developed as part of Westmoreland, if and when a development decision is made. Both the Northern Territory joint venture projects are described in Note 8 to the Consolidated Financial Statements, with expenditures aggregated under the name "Joint Ventures and other properties, Northern Territory, Australia".

The Northern Territory is federally controlled and one of the jurisdictions favorable to uranium mining. Laramide controls approximately 965 square miles under exploration licenses in the

Northern Territory. This includes two joint venture agreements, one with NuPower Resources Ltd. (formerly Arafura Resources NL) (73 square miles), and the other with Gulf Mines Ltd. (formerly Hartz Range Mines) (355 square miles). Much of this area has only received preliminary exploration in the past.

The summary terms of its joint ventures in the Northern Territory are as follows:

*NuPower-Lagoon Creek Joint Venture*

In May 2005, Laramide (Lagoon Creek Pty) entered into an agreement with Arafura Resources NL (now NuPower Resources Ltd.) pursuant to which the Company can farm-in to NuPower's granted exploration license EL23573, Lagoon Creek, in the Northern Territory, approximately 380 kilometres NNW of Mt Isa. The Company's minimum expenditure commitment before withdrawal was AUD$1 million. As part of the agreement, Laramide made two installments of AUD$50,000 each and to December 3, 2010 has made qualifying exploration payments fulfilling the expenditure requirement of AUD$3 million over a four-year period (2009) required for 50% equity in the tenement which has been formally transferred to the Company from NuPower.

*Gulf Mines Joint Venture*

Immediately north of the NuPower-Lagoon Creek tenement are three tenements held by Australian explorer Gulf Mines Ltd. (formerly Hartz Range Mines). These tenements exhibit similar geologic potential and are a part of what is a very significant and under-explored mineral district. Laramide in the second quarter of 2005 signed an option to earn 90% of any resource pegged under mining tenure consequent to exploration over a defined area on the three Exploration Permits (EPM's) that Hartz Range owned in the Northern Territory. The defined area covers approximately 65,000 hectares and Laramide's interest encompasses all minerals with the exception of diamonds. To earn 90%, Laramide has to complete a bankable feasibility study on a prospect within the area and following this, obtain a mine permit. To December 31, 2010, the Company has incurred $2.7 million of exploration costs. During September the area covered by this joint venture was reduced to one tenement which held the best exploration potential. A program involving a scintillometer grid survey and soil sampling was commenced over targeted areas in the tenement. Results from the Phase 1 scintillometer survey undertaken during the third quarter were plotted and contoured, providing a ground radiometric signature of the target areas. Phase 2 soil survey grids were proposed based on these results. The Phase 2 program collected 529 soil samples for analysis, over target areas. These samples have been submitted for multi-element assay at ALS. Laramide and Gulf Mines are following up the assay results by drilling approximately 1000 metres on EL 10335 to test three structural targets in the Westmoreland sandstone, which have an associated radiometric signature along strike. Drilling was carried out to follow up these targets in August 2010, with assay results released in November 2010.

*Benmara Properties, Northern Territory, Australia*

The Benmara properties consist of two 100% Laramide owned tenements in the Northern Territory. In June of 2010, the Company entered into a joint venture agreement with a private Australian exploration company, under which the private company will spend AUD$300,000 on the tenements by March 1, 2011 as an option commitment and can earn a 51% interest in the properties by spending AUD$2 Million over four years. No significant expenditures have been made by them to date, but they have recently concluded an IPO and are now listed on the ASX as Predictive Discovery Limited (symbol: PDI). Information about Benmara from its website indicates that it is targeting a large uranium deposit in favourable rock sequences beneath younger cover rocks. Available aeromagnetic data has been assessed and a gravity survey over the area is planned. A geological interpretation of the geophysical data sets will lead to the generation of drill targets which will be tested after the wet season.

## AUSTRALIAN PROPERTIES - TENEMENT RENEWALS AND EXTENSIONS

Exploration permits are granted initially for a five year period in Queensland and a six year period in the Northern Territory. The Northern Territory normally grants extensions for two year periods while Queensland often grants extension on a year-to-year basis. During the initial five year period in Queensland, it is normally required that after the second year, the tenement is reduced by 50% in each of the remaining three years so that at the end of year five, the holder will hold only 12.5% of the original ground covered by the tenement.

In Q3, 2010 applications were made for extensions of the two Queensland tenements which were expiring in the quarter. One application is still in progress and the other has been extended for an additional three years. For this tenement, the Company was able to negotiate to keep 100% of the original tenement. During the three year extension period, 100% of the tenement is maintained after the first year, 80% after the second year, and 60% at the end of year three. The Company intends to negotiate to retain 100%.

The two other tenements in Queensland expire in 2012 and the four tenements in the Northern Territory expire in late 2011 and throughout 2012.

Initial grants and extension involve expenditure commitments for rents and exploration expenditures throughout the term of the grant or extension. The newly extended tenement in Queensland requires commitments over the three year extension as follows: AUD $ 3.9 million in year one, AUD $4.1 million in year two, and AUD $ 5.0 million in year three.

The current commitments for all tenements as at December 31, 2010 are detailed in this report in the Commitments section and in Note 17 a) to the December 31, 2010 audited Consolidated Financial Statements.

## HOMESTAKE URANIUM PROPERTIES – Grants District, New Mexico and Lisbon Valley, Utah

In November 2005, the Company acquired from Homestake Mining Company of California and La Jara Mesa Mining Company (both wholly owned subsidiaries of Barrick Gold Corp.), three uranium properties and an option to purchase a fourth uranium property (La Sal), all of which are in the western United States. The properties acquired and acquirable by exercise of option (the La Jara Mesa, Los Ochos, Melrich, and La Sal properties) are located in the Colorado Plateau in Utah and in the Grants Mining District, New Mexico. The two most significant of the four properties are the La Jara Mesa and the La Sal projects.

The Homestake acquisition has a total purchase price of US$3.75 million which includes a series of milestone payments tied to progress on the four underlying assets. To date, a total of US$1.5 million (CAD $1.6 million) has been paid including US$500,000 for the La Sal property option exercise. As part of the 2005 acquisition of uranium properties from Homestake, Laramide purchased an option to acquire the La Sal property. This option was exercised in the third quarter of 2010 for US$500,000 plus related transfer costs which accounts for the main expenditure in that quarter. The option exercise was conditional upon Homestake completing final administrative items required to transfer title (see press release dated September 13, 2010). All of the Homestake assets are considered advanced exploration or development projects.

*La Jara Mesa Property*

La Jara Mesa is a sandstone hosted roll-front style deposit located within the formerly producing Grants Uranium District, approximately 10 miles northeast of the town of Grants in Cibola County, New Mexico, USA.

Since the 1950s, considerable historic uranium exploration and mining activity has been done on La Jara Mesa and the surrounding area. Companies including United Nuclear Corporation, Gulf Mineral Resources Inc., Power Resources and Homestake Mining Company performed exploration work, comprising over 700 drill holes penetrating the various lithologies of the site as well as metallurgical test work. Metallurgical studies on La Jara exhibited strong recoveries (in the range of 92%) and potential underground access is quite straightforward via an inclined ramp from the valley floor. The mineral resource estimated for La Jara Mesa (Alinco GeoServices Inc., 2006) estimates Measured and Indicated mineral resources totaling 7,257,817 pounds of uranium ($U_3O_8$) that are contained in 1,555,899 tons at an average grade of 0.23% $U_3O_8$, and an additional 3,172,653 pounds of uranium ($U_3O_8$) contained in 793,161 tons at an average grade of 0.20% $U_3O_8$ as Inferred mineral resources on the property.

On the basis of encouraging results from drilling in 2007, Laramide submitted in April 2008, (amended October 2008) to the USDA Forest Service ("Forest Service") an Amended Plan of Operations for Underground Development and Mine Production. Costs incurred in 2008 and throughout 2009 relate to the compilation and submission of data required to conform to regulatory practice, and to responses to requests from Forest Service for specific amendments. The proposed plan (updated in October 2008 based on comments and requests from Forest Service) seeks permits to proceed with an underground development program that will construct dual parallel inclines and an escape raise to access the body of mineralization. From underground in the mineralized zone, Laramide proposes to conduct mapping, longhole drilling with gamma probing, test mining and collection of bulk samples for metallurgical and mill compatibility studies. Drilling depths will be to approximately 700 feet, approximately 500 to 800 feet above the water table. It is important to recognize that Homestake received approval from Forest Service for a similar program in two separate years, 1984 and 1988. In both years, Homestake chose not to enter into production because of steep declines in the price of uranium.

In the years since these approvals were granted, the permitting process has become more complex and protracted, partly as a result of efforts to designate Mount Taylor (which lies just east of La Jara Mesa) as a so-called Traditional Cultural Property ("TCP"). This designation allows for additional comment and potential appeal from stakeholders who are concerned about potential development impacts to Mount Taylor. Despite this potential additional risk factor, Laramide believes its proposed plan conveys relatively low environmental and technical risk because 1) no mill is proposed to be constructed at site, and 2) the underground workings will be conducted in a "dry" environment well above the water table and as such, should not penetrate any ground water. On February 4, 2011, Laramide and other opponents of the TCP designation were successful in court in defeating the imposition of a TCP designation and as of this writing no appeal of this court decision has been filed.

Data collection for the Environmental Impact Statement is collected in compliance with Forest Service protocol. Pursuant to this exercise, Laramide contracted Golder Associates ("Golder") to work directly with the Forest Service in March 2009, in order to collect the required Environmental Impact Statement ("EIS") data. Golder will also provide support to the Forest Service in public meetings that will be required as part of the EIS process. Laramide has also entered into formal discussion with the New Mexico Mining and Minerals Division, which requires documentation similar to that required by the Forest Service. The Golder engagement will also include development of a sampling and analysis plan for the State's review and concurrence. The EIS has been submitted to the Forest Service, and is under their review. When the Forest Service completes their review process, the EIS will then be made available for public review. Based on our dialogue with the Forest Service, and on their publicly disclosed scheduling information, we expect the Forest Service to allow for public review of the EIS in the second quarter of 2011.

*La Sal Project*

As part of the 2005 acquisition of uranium properties from Homestake, Laramide purchased an option to acquire the La Sal property, located within the Big Indian Mining District in Utah. This option was exercised in the third quarter of 2010, as announced by press release September 13 2010. In accordance with the terms of the original purchase agreement, a further payment of US$250,000 to Homestake will be required upon successful permitting of the La Sal property, with a final payment of US$500,000 due upon commercial production. In addition, as part of the title transfer process, Laramide will provide disclosure of the required payment options to legacy royalty holders as described in the above press release, which will allow for royalty holders to elect to either sell their shares or to receive advance royalties pursuant to a defined schedule. This election is expected to occur in Q2/2011.

La Sal has a 1,200 metre long access drive into the deposit and as soon as permits are obtained, the project is essentially ready for production. Homestake completed a positive feasibility study on the project in 1978 and was ready to place the project into production when the price of uranium collapsed. The next step will be to launch permit applications with the federal Bureau of Land Management and the State of Utah, and to enter into a milling agreement. Progress on both of these initiatives is being made.

The La Sal property is located approximately 40 miles from Denison Mines' White Mesa, one of only four permitted mills within the USA. The mill has been operational since late April 2008. Denison has implemented an ore-buying program in order to purchase alternate feeds for White Mesa, and La Sal is well positioned to potentially supply ore, once in production.

## OTHER HOMESTAKE PROJECTS, USA

The two other Homestake properties are the Los Ochos and the Melrich properties, both of which are considered to be less significant properties, and neither of which received any exploration expenditures in 2010.

## URANIUM RESOURCES, INC. USA – MINERAL ROYALTY

In December 2006, the Company acquired a portfolio of uranium royalties in the Grants Mineral District of New Mexico, USA from United Nuclear Corporation, a wholly owned indirect subsidiary of General Electric Company (GE) since 1997. The royalty portfolio covers four separate parcels of mineral leases (Section 8, a portion of Section 17, and the Mancos area, which comprises all of Section 13 and portions of Section 12 and 7) in the Church Rock area of McKinley County which is located 20 miles northeast of Gallup, New Mexico. The properties are presently owned by a subsidiary of Uranium Resources, Inc. ("URI"), a U.S. publicly traded uranium producer, which acquired them from United Nuclear in a series of transactions between 1986 and 1991.

Laramide's royalty is a gross revenue based sliding scale royalty, ranging from 5-24% based on uranium prices, but is also indexed to inflation based on the Producer Price Index. At the last calculation date, and using the January 2011 PPI value, the royalty will be based on gross sales prices of $U_3O_8$ with a royalty of 21% on a gross sales price of US$70/lb, with a maximum royalty of 25% when sales prices reach US$79.88/lb or higher. Terms of the acquisition call for Laramide to pay United Nuclear US$9.25 million in cash, of which $4.1 million (US$3.5 million) has already been paid at closing, with the remaining payments subject to permitting milestones as described in the above-mentioned note.

The main focus of URI in Church Rock historically has been the Section 8 mineral lease, as cited above. URI had in 1998 been granted one of the key permits to extract uranium via in-situ recovery ("ISR") by the Nuclear Regulatory Commission ("NRC") and the State of New Mexico Environmental Department, but had never operated because of a variety of court challenges that arose while other final permits were still pending. Most of these legal challenges were jurisdictional in nature and had the support of the Navajo Nation who attempted to assert that URI's land fell under the definition of Indian Country, thereby necessitating EPA authority and not the NRC.

URI's legal position eventually prevailed and with the elimination of the final potential court challenges in the third quarter of 2010, URI was finally able to turn its attention to the development of Church Rock and to the strengthening of its financial and market position. Following a significant market rally and two equity finances in the latter half of 2010, URI is now providing market guidance that Church Rock should see feasibility in 2011, construction in 2012, and initial production in 2013 at a rate of one million pounds per annum. Should URI be able to attain this schedule and with no material deterioration in the uranium price, this outcome has the potential to be materially favorable to Laramide.

No significant expenditures were made in 2010 on the URI Mineral Royalty, and none are expected during 2011. Laramide's remaining payment obligations are described in detail in Note 8 to the Consolidated Financial Statements for the year ended December 31, 2010.

**INVESTMENTS**

As described in Note 6 to the Consolidated Financial Statements, the investments carried on the balance sheet at December 31, 2010 are mainly held for strategic investment purposes, with non-uranium holdings providing a source of cash when market conditions favor a sale. The non-uranium holdings include 110,000 shares of Pan American Silver Corp. (worth $4.5 million based on the price at March 10, 2011). Laramide also continues to be the largest shareholder of Treasury Metals Inc. with a disclosed position of 5,187,500 shares of Treasury Metals Inc. at December 31, 2010. The performance of Treasury shares improved appreciably in 2010 and this recovery has continued into 2011 as the exploration and development of Treasury's Goliath gold project in northern Ontario accelerates. On March 3, 2011 Treasury announced a further $5 million in flow through share financing @$1.60 per share, brokered by Cormark Securities Inc, and these funds will be used to expand the existing 20,000 meter drill program at Goliath.

Laramide's uranium investments were made for strategic purposes, and include 10,000,000 shares of Uranium Equities Ltd., 7,100,000 shares of Khan Resources Inc., 1,584,000 shares of Virginia Energy Resources Inc, and 7,000,000 shares of Alligator Energy, and a newly listed ASX float. The Treasury Metals Inc. spin-off and fundamentals are discussed in the Q3 2008 MD&A, and discussion on the Uranium Equities position was included in the MD&A for years prior to 2008.

*Khan Resources Inc*.

In August 2006 Laramide purchased 550,000 units in the IPO of Khan Resources Inc. ("Khan"), an international mineral exploration and development company engaged in the acquisition, exploration and development of uranium and gold properties in Mongolia. In September 2007, Laramide made the announcement of a further acquisition (by purchase of a block of shares), bringing its total holdings to 6,550,000 shares of Khan or 12% of Khan's issued and outstanding shares. The purchase consideration was comprised of US$4.5 million in cash and 1.35 million Laramide shares plus 1.35 million Laramide warrants, exercisable at a price of CDN$9.50 with an expiry date of September 13, 2009. These warrants expired unexercised in the third quarter of 2009.

Since that time, Laramide has increased its position to hold 7,100,000 shares of Khan. As described in Note 6 to the Consolidated Financial Statements, the accounting treatment of the Khan investment has resulted in a write-down, as "accumulated other comprehensive loss" has been reclassified to "Write-down of available-for-sale investment."

Notwithstanding the caliber of its flagship Dornod project (which was the rationale for Laramide's investment position), Khan has faced progressive uncertainties in Mongolia in recent years in relation to the security of its mineral tenure and in its ability to successfully implement the mining and development agreements that would allow for the commercial development of Dornod.

In spite of these difficulties, Khan attracted two competing bid cash take-over bids in late 2009 / early 2010 - one from Atomedmetzoloto ("ARMZ") of Russia at $0.65 per share and a higher $0.96 per share bid from China Overseas Uranium Holding Ltd. ("CNNC") but neither bid was successful. While these two bids were in process, on April 13, 2010, Khan announced that Mongolian Nuclear Energy Agency ("NEA") issued a notice that the Dornod mining licence (237A) and exploration licence (9282X) were both deemed to be invalid. Subsequently, the ARMZ bid was allowed to expire and the CNNC bid was subsequently withdrawn in late May 2010 for failure to meet one of the offer conditions, namely Chinese government approval.

On June 22, 2010, Khan announced organizational changes, including the retirement of former Khan President and CEO Martin Quick, and the appointment of Marc Henderson and Raffi Babikian to the Khan Board, replacing two former directors.

Subsequent to the failed takeover bids and the alleged license invalidation, Khan embarked on a vigorous multi-faceted legal strategy which is ongoing. Court actions challenging the status of licences were initiated in Mongolia in Q3/2010 along with an Ontario suit against ARMZ that essentially alleged tortuous interference and breach of fiduciary responsibility. Finally, in the first quarter of 2011, Khan brought an international arbitration case against the government of Mongolia for $200 million in connection with the de facto expropriation of Dornod.

Laramide continues to be the largest shareholder of Khan and is supportive of its efforts to either receive adequate compensation for its Dornod interest or restitution of the original mineral tenure.

*Virginia Energy Resources Inc. (formerly Santoy Resources Ltd. and Virginia Uranium Ltd.)*

In the third quarter of 2007, Laramide made an investment of $1.8 million in private company Virginia Uranium Ltd. ("Virginia Uranium") which is engaged in the exploration of commercially viable uranium projects in Virginia. Laramide acquired 1,200,000 special warrants which will be exchangeable on a one-for-one basis for common shares of Virginia Uranium contingent upon the company going public via an initial public offering planned within Q4 2007 or early Q1 2008. The going public transaction did not occur and with no public offering planned, the special warrants were exchanged for 1,320,000 common shares. Virginia Uranium filed an NI43-101 compliant Mineral Resource Estimate on the Coles Hill deposit, showing 119 million pounds $U_3O_8$ across all categories. In 1981, a statewide moratorium on uranium mining was enacted, as public and elected officials felt that more study was required to evaluate the potential environmental and health impacts. This moratorium is being re-visited as confirmed by the legislative announcement November 6, 2008, of an independent commission formed by the Virginia Coal and Energy Commission to complete a large-scale study of uranium mining and its safety in Virginia. The study is expected to take up to two years to complete, and reflects the nation-wide concern for energy security and the need to examine alternative power sources.

On July 23, 2009, Santoy Resources Limited announced the completion of its business combination with Virginia Uranium Ltd. Post-closing, the Company changed its name to Virginia Energy Resources Inc. Virginia Energy shares have responded positively in the past month, leading up to and following the announcement dated October 18, 2010, which summarized the results of an NI 43-101 compliant Preliminary Economic Assessment performed on the Coles Hill Uranium Project. According to the press release, based on a US$65 per pound long-term selling price for uranium, the project provides an Internal Rate of Return (IRR) of 36.3% and at a 7% discount rate, the Net Present Value (NPV) of the project is US$404 million. Full details are supplied in the press release.

*Uranium Equities Ltd.*

Uranium Equities ("UEL") has also been working on a technology which can be applied in extracting uranium from phosphoric acid streams. This "PhosEnergy Process" is being developed by Uranium Equities through a USA registered company, Urtek LLC, which is currently 16.67% owned by UEL. UEL has rights to secure up to 90% interest in Urtek LLC through funding of the ongoing technology development. In March 2009, the PhosEnergy Process received support from a significant uranium producer who conditionally agreed to acquire the majority of UEL's interest in the PhosEnergy technology development project. In November 2009, UEL confirmed details of the agreement, naming Cameco as the major uranium producer, with plans to acquire up to 70% of UEL's right to earn a 90% stake in the technology for investment of US$16.5 million. The investment is to be made in four tranches, with Cameco having the option to cease sole funding at the conclusion of each tranche.

UEL also continued its traditional exploration activity in the fourth quarter of 2010, building on its recently announced drilling success at its Nabarlek Joint Venture in the Northern Territory (operated by Cameco Australia).

In the fourth quarter, the Company reduced its investment in UEL by selling 9,593,027 UEL shares for proceeds of $1,333,000.

Alligator Energy Ltd.

The Company recently purchased seven million pre-IPO shares of Alligator Energy Ltd. ("Alligator Energy"), a new Australian company which holds key tenements in the world class Alligator Rivers Uranium Province in Arnhem Land, Northern Territory, Australia. Alligator Energy recently completed an AUD $15 million equity raise and was admitted to the Official List of the ASX on February 1, 2011 under the security code AGE.

Alligator Energy has implemented an active strategy to acquire exploration assets in the Alligator Rivers Province. By the purchase of the Tin Camp Creek Project from Cameco and the acquisition of Northern Prospector, Alligator Energy has secured a prospective land holding in the region and a potential pipeline of quality projects.

Alligator Energy has commenced exploration activities at the Tin Camp Creek Project and is preparing for a 5,000 metre diamond drill program at the end of the current wet season. In addition, Alligator Energy is continuing to progress its 11 Exploration License Applications and has recently received approval from the Northern Territory Government to negotiate with the Northern Land Council on ECA 28176.

## RESULTS OF OPERATIONS - FINANCIAL

*Selected Quarterly Financial Information*

The following table summarizes selected financial data for Laramide for each of the last eight quarters. The information set forth below should be read in conjunction with the December 31, 2010, consolidated financial statements and the related notes thereto, prepared by management in accordance with Canadian generally accepted accounting principles. Detailed explanations of quarterly variances are included in each quarterly MD&A filed on SEDAR.

| | 2010 | | | | 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| ($ 000's except loss per share and Total Assets) | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| Revenues | $811 | $331 | $1,024 | ($389) | $1,433 | $8 | ($7) | ($66) |
| Expenses | $486 | $593 | $644 | $534 | $14,781 | $768 | $798 | $475 |
| Future income tax gain (loss) | $752 | $0 | $0 | $0 | ($117) | $0 | $0 | $0 |
| Net Income (Loss) | $1,079 | ($262) | $378 | ($923) | ($13,466) | ($760) | ($805) | ($541) |
| Net Income (Loss) per share (basic ) | $0.02 | ($0.01) | $0.01 | ($0.01) | ($0.20) | ($0.01) | ($0.01) | ($0.01) |
| Net Income (Loss)per share (fully diluted) | $0.02 | ($0.01) | $0.01 | ($0.01) | ($0.20) | ($0.01) | ($0.01) | ($0.01) |
| Total Assets ($ millions) | $93 | $85 | $81 | $88 | $86 | $82 | $76 | $77 |

Revenue variances are due to the adjustment to market value and/or sales of certain marketable investments and to variances in the interest earned on the short-term investments. Q4 2010 includes an unrealized gain of $1,151,700 resulting from the adjustment to market value of Pan American Silver shares which are held in the held-for-trading investments and a net realized loss of $349,721 resulting from a loss of $645,362 from the sale of a portion of the Uranium Equities Ltd. Shares partially offset by $295,641 gain on the sale of a portion of the Pan American Silver shares. From Q1 to Q3, 2010 there was unrealized gains totaling $914,524 resulting from the adjustment to market value of the Pan American Silver shares on hand. Net realized gains from Q1 to Q3 were $19,104 mainly due to the realized gain of $194,553 on the sale of the Sierra Minerals shares partially offset by the $132,430 loss on the sale of Uranium Equities Ltd. shares and a $43,019 realized loss on the sale of Pan American Silver shares during that period. In 2009 the exchange of Aquiline Resources shares into Pan American Silver shares and warrants generated $1,471,297 of unrealized gain, partially offset by $1,285,200 loss in the exchange of Virginia Uranium Ltd. / Santoy Resources Ltd. shares into Virginia Energy Resources Inc. shares.

Expense variances quarter to quarter are largely due to the vesting cost of the various stock option issuances, and foreign currency exchange gains and losses. Q4 2009 included a permanent impairment loss of $14,289,545 regarding the Khan Resources Inc. shares.

The fluctuation in Total Assets from one quarter to the next is primarily a function of cash increases through the issuance of shares and the exercise of warrants and options, the valuation at fair market value of the long-term investments, and the employment of cash in spending on mineral properties. In Q4 2010, the increase in Total Assets resulted from the unrealized gain in the quarter due to market value fluctuations of the available-for-sale investments mainly attributable to the investments in Treasury Metals Inc., Khan Resources Inc. and Uranium Equities Limited. In Q3 of 2008, Treasury Metals Inc. was spun-out and accounted for the decrease in the total assets.

*Three months ended December 31, 2010 compared with three months ended December 31, 2009.*

The net gain for the fourth quarter of 2010 was $1,078,369 compared to a loss of $13,466,621 for the same period of 2009. The variances are summarized as follows:

- 2009 included the loss on the permanent impairment of the investment in Khan Resources Inc. for $14,289,545
- In 2010 there is a $752,300 recovery of future income tax, mainly due to the foreign exchange adjustment of the carry forward loss balance and the increase in the tax value of the capital assets of the Australian subsidiary. In 2009 there was a $117,800 tax expense
- Recognition in Q4 2010 of a $1,151,700 unrealized gain on the adjustment to market value of the investment in Pan American Silver Corp. held at the end of the year versus in the same period in 2009, an unrealized gain of $1,471,297 on exchange of the shares of Aquiline into shares and warrants of Pan American Silver Corp. offset by a $1,285,200 unrealized loss on conversion of the shares of Virginia Uranium Ltd. /Santoy resources Ltd. into the shares of Virginia Energy Resources Inc.
- Lower option vesting costs in Q4 of 2010 of $71,112 compared to $149,318 in the same period of 2009.
- Consulting expenses were lower in the current quarter by $19,200 mainly due to the investor relations and administrative fees charged by Aquiline Resources Inc. in Q4 2009. In 2010 such services are provided by Company staff whose costs are recorded in Administrative and Office expense

The above were partially offset by:

- A realized loss on sale of investments in Q4 of 2010 of $349,721 as a result of the realized loss of $645,363 on the sale of shares of Uranium Equities Ltd. partially offset by the $295,641 realized gain on sale of Pan American Silver shares in Q4 2010. In the same period of 2009 there was a $329,729 gain on the sale of Aquiline Resources Inc.("Aquiline") shares
- Administrative expenses in Q4 2010 were $43,676 higher than the same period of 2009 as

they includes payroll costs which are running about $92,000 higher than the comparative quarter mostly due to the restructuring of the Investor Relations and Accounting departments, the inclusion of the VP of Exploration in the corporate payroll, less $58,137 costs of administrative services provided in 2009 by Aquiline in addition

- In Q4 of 2010, there was a $4,552 foreign exchange gain compared to an $11,879 gain in the same period of 2009 as a result of the exchange rate variance of the Australian currency against the Canadian currency.

- Amortization expense is $4,554 higher due to the additions of furniture and equipment received as part of the transaction whereby the Company assumed the Toronto office lease of Aquiline Resources.
- Higher legal and audit expenses of $35,088 in Q4 2010 mainly due to the adjustment of the accrual of the audit services in the quarter.

*Twelve months ended December 31, 2010 compared with twelve months ended December 31, 2009.*

The net gain for the year ended December 31, 2010 was $272,154 compared to a loss of $15,572,410 for the same period in 2009. The main variances are summarized as follows:

- 2009 included the loss on the permanent impairment of the investment in Khan Resources Inc. for $14,289,545
- Recognition in 2010 of $2,066,224 unrealized gains on the adjustment to market value of the investment in Pan American Silver Corp. In 2009 the reclassification of the Pan American Silver shares and warrants as held-for-trading investments originated a gain of $904,151.
- In 2010 there is a $752,300 recovery of future income tax, mainly due to the foreign exchange adjustment of the carry forward loss balance and the increase in the tax value of the capital assets of the Australian subsidiary. In 2009 there was a $117,800 tax expense
- Lower legal and audit expenses of $49,611 mainly due to the reduction of legal services
- Consulting expenses are lower in the current period by $72,621 mainly due to the elimination of Investor Relations and administrative fees charged by Aquiline Resources Inc. in 2009. In 2010, such services are provided by Company staff whose costs are recorded in Administrative and Office expenses.
- There is a lower stock-based compensation of $619,308 in 2010 reflecting timing differences in recognition of the stock option costs over their vesting periods.
- In 2010 there is an exchange loss of $79,955 compared to an exchange gain of $35,696 in the same period of 2009 as a result of the exchange rate variance of the Australian currency against the Canadian currency.
- A realized net loss of $330,617 resulting from the loss of $768,792 on the sale of shares of Uranium Equities Limited which was partially offset by gain of $145,564 on the sales of Sierra Minerals, and the gain of $301,611 on the sale of Pan American Silver shares in 2010 versus a gain of $414,932 in the same period of 2009 on the sale of Aquiline shares.
- The interest income of 2010 was lower by $7,292 as compared with 2009 due to the lower average balance of cash and short-term investments.

- Administrative expenses in 2010 were $323,540 higher than the same period last year mainly because 2010 includes payroll costs which are running about $466,979 higher than the comparative period mostly due to the restructuring of the Investor Relations and Accounting departments, and the inclusion of the VP of exploration in the corporate payroll, partially offset by $119,000 of lower charges from Aquiline in the year 2009 and $64,000 lower accounting expenses for services from external accountants. The services provided in 2009 by Aquiline and by the external accountants are now done by current Company staff.

- Amortization expense is $20,802 higher due to the additions of furniture and equipment received as part of the transaction whereby the Company assumed the Toronto office lease of Aquiline Resources.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company is in the advanced exploration stage at most of its properties and continues to be largely reliant on obtaining equity financing in order to continue its longer term exploration and development activities and on its working capital for its short and medium term requirements. As at December 31, 2010 the Company is reporting a working capital position of $7,495,881. The Company does not have any long term-debt and owns an investment portfolio of shares of mostly publicly listed companies, which has a market value at December 31, 2010 of $18,162,474. The next phase of active exploration at Westmoreland is planned to commence in Q2 of 2011, and the Company's 2011 planned exploration program can be fully funded to the end of 2011 from cash on hand and the sale of marketable securities.

**CAPITAL**

As at December 31, 2010:

- 67,607,592 common shares are issued and outstanding.
- 4,030,000 options are outstanding and can be exercised at prices ranging from $1.10 to $1.80 with expiry dates on March 19, 2012 and May 19, 2013. Each option entitles their holder to subscribe to one common share of the Company.
- 2,875,000 warrants are outstanding entitling their holders to subscribe to one common share at $2.50 with an expiry date on March 5, 2012.

Capital stock, warrants and contributed surplus is $140,212,011 and up from $138,927,767 as at December 31, 2009, the increase resulting from $1,215,494 of stock-based compensation expense recognized in the period through contributed surplus and the exercise of 62,500 options during the year.

**OPTIONS**

The Company has a stock option plan (the "Plan") in place under which it is authorized to grant options to acquire shares of the Company to directors, officers, consultants and other key employees of the Company. This plan requires shareholder approval every three years, and was presented to the shareholders at the Annual and Special Meeting of Shareholders in May 2010, and was not approved. The number of common shares subject to options granted under the Plan is limited to 10% in the aggregate, and 5% with respect to any one optionee, of the number of issued and outstanding common shares of the Company at the date of the grant of the option. The exercise price of any option granted under the Plan may not be less than the fair market value of the common shares at the time the option is granted, less any permitted discount. Options issued under the Plan may be exercised during a period determined by the board of directors which cannot exceed five years. In 2007, we introduced a vesting schedule which allows for 50% vesting at the date of grant and 50% after a year. The board of directors may alter the vesting period on a grant by grant basis. Stock option transactions were as follows:

| | **Twelve months ended December 31,2010** | | **Twelve months ended December 31,2009** | |
|---|---|---|---|---|
| | **Number of options** | **Average exercise price $** | **Number of options** | **Average exercise price $** |
| Opening Balance | 3,855,000 | 3.39 | 2,020,000 | 6.85 |
| Options granted | 2,145,000 | 1.10 | 2,220,000 | 1.80 |
| Options cancelled | 252,500 | 1.63 | 60,000 | 4.27 |
| Options exercised | 62,500 | 1.10 | | |
| Options expired | 1,655,000 | 5.50 | 325,000 | 13.90 |
| Closing balance | 4,030,000 | 1.45 | 3,855,000 | 3.39 |

At December 31, 2010, outstanding options to acquire common shares of the Company were as follows:

| Number of Options | Price | Expiry Date |
|---|---|---|
| 2,010,000 | $ 1.80 | March 19, 2012 |
| 2,020,000 | $1.10 | May 19, 2013 |

On May 19, 2010 the Company granted 2,145,000 options to officers, directors and consultants. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 105.98%, a risk free interest rate of 1.38%, and an expected maturity of 3 years. These options vest at a rate of 50% every six months after the date of grant. As a result, the fair value of the options was estimated at $1,216,179, and will be recognized over the periods the underlying options vest. Of the $1,216,179 fair value,

$694,560 is subject to capitalization to mineral properties and $521,619 will be expensed to the Company's consolidated statement of operations.

On March 19, 2009, the Company granted 2,220,000 options to officers, directors and consultants. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 106.91%, a risk free interest rate of 1.34%, and an expected maturity of 3 years. These options vest at a rate of 50% every six months after the date of grant. As a result, the fair value of the options was estimated at $2,396,940, and is recognized over the periods the underlying options vest. Of the $2,396,940 fair value, $1,212,133 is capitalized to mineral properties and $1,184,807 has been expensed to the Company's consolidated statement of operations.

During the period, $690,159 (December 31, 2009 - $1,145,517) of the vesting option cost was capitalized to mineral properties and $525,334 (December 31, 2009 - $1,144,642) was expensed to operations and deficit. The offsetting charge was allocated to contributed surplus, or $1,215,494 (December 31, 2009 - $2,290,159) in aggregate, pertaining to the recognition of the fair value of options vesting during the period.

**WARRANTS**

The following is a summary of warrants outstanding at December 31, 2010:

| Number of Warrants | Exercise Price ($) | Expiry Date |
|---:|:---:|:---|
| | | |
| 2,875,000 | $2.50 | March 5, 2012 |

**OFF BALANCE SHEET TRANSACTIONS**

During the periods ended December 31, 2010 and 2009, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

**COMMITMENTS**

In order to maintain current rights to tenure of exploration tenements, the Company will be required to expend amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. It is likely that variations to the terms of the current and future tenement holding, the granting of new tenements and changes at renewal or expiry, will change the expenditure commitments for the Company from time to time.

These outlays (exploration expenditure and rent) which arise in relation to granted tenements inclusive of tenement applications granted to December 31, 2010 but not recognized as liabilities are: $2,024,802 for a period not longer than one year; ($226,420 at December 31, 2009); $9,386,000 for a period longer than one year but not longer than 3 years ($289,366 at December 31, 2009); and nil past three years. These commitments are detailed in Note 17 to the Consolidated Financial Statements.

## CONTINGENCIES

With respect to the Company's wholly owned Australian subsidiary, Tackle Resources Pty. Ltd., no provision has been made for the possibility of native title claim applications at some future time, under the provisions of the Australian Native Title Act (1993), which may impact on exploration tenements under application. Any substantiated claim may have an effect on the value of the tenement application affected by the claim. The amount and likelihood of any such claim(s) in the future cannot be reasonably estimated at this time.

## RELATED PARTY TRANSACTIONS

The Company was charged $118,919 in 2010 (2009 - $162,520) for technical and professional services by Ironbark Pacific Pty Limited, a company controlled by Peter Mullens, a director of the Company.

During the year ended December 31, 2010 there were no charges (2009 - $325,273) from Aquiline Resources Inc., a company having a director in common with Laramide until December 7, 2009, for expenses paid by Aquiline on behalf of the Company. On December 7, 2009, Pan American Silver Corp. took over the control of Aquiline and there are no longer any common directors.

During 2010, $32,096 (2009 - $129,466) was charged by Chris Irwin, an officer of the Company for legal services. $8,203 is included in accounts payable and accrual liabilities as of December 31, 2010 (December 31, 2009- $25,000).

The Company was charged $18,000 in 2010 (2009 - $18,000) for technical and professional services by John Booth, a director of the Company.

Transactions with related parties were conducted on terms that approximate market value and measured at the exchange amounts.

## CHANGES IN ACCOUNTING POLICIES

*EIC-174 "Mining Exploration Costs"*
In March 2009, the CICA issued EIC-174 "Mining Exploration Costs" which provides guidance regarding the capitalization of exploration costs and the conditions that should be considered when determining whether there is a need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in preparation of the September 30, 2009 financial statements, resulting in no impact on the valuation of exploration assets.

*Future Accounting Changes*
In January 2009, the CICA issued Handbook Sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements and 1602 - Non-controlling Interests. Section 1582 replaces CICA Handbook Section 1581, Business Combinations, and establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of

the first annual reporting period beginning on or after January 1, 2011, with early adoption permitted. Section 1601 together with Section 1602 replaces CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Sections 1601 and 1602 are applicable for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, with early adoption permitted. An entity must adopt Section 1582, 1601 or 1602 at the same time. The Company has adopted these standards effective January 1, 2010 and does not expect the adoption will have a material impact on the results of operations or financial position.

**FINANCIAL INSTRUMENTS**

The current bank accounts, accounts receivable and accounts payable are non-interest bearing. The majority of cash and cash equivalents are held in short-term investments bearing interest up to 0.25%.

The principal financial instruments affecting the Company's financial condition and results of operations is currently its cash, which it receives from interest and royalty payments, its investment portfolio and any financing transactions entered into by the Company. These sources of revenue are subject to various risks, including production risks with respect to the royalty payments and market risks with respect to the investment portfolio. The investment portfolio is managed by the Company. The Company to date has not used any formal currency hedging contracts to manage currency risk.

**RISKS AND UNCERTAINTIES**

The Company's Risks and Uncertainties are disclosed in the Laramide December 31, 2009 AIF which is filed on SEDAR and is herein incorporated by reference. These Risks are updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis.

**IFRS IMPLEMENTATION**

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, including Laramide, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, Laramide will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011. Laramide's 2011 interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

***IFRS Transition Plan***

Laramide has established a comprehensive IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes the critical transition components identified by Laramide. All of these have been completed by the date of this report:

- Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.
- Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards.
- Determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.
- Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.
- Design and implement new processes to maintain effective Disclosure Control & Procedures ((DC&P) and internal control over financial reporting throughout the IFRS transition plan.
- Management and employee education and training.

### *Impact of Adopting IFRS on Laramide's Business*

As part of its analysis of potential changes to significant accounting policies, Laramide has assessed what changes would be required to its accounting systems and business processes. Laramide believes that the changes identified are minimal and the systems and processes can accommodate the necessary changes.

Laramide has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

Laramide's staff involved in the preparation of financial statements are trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Employees of Laramide that will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting Laramide.

### *First-time adoption of IFRS*

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of Laramide's opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

### *Impact of Adopting IFRS on Laramide's Financial Statements*

The adoption of IFRS will result in some changes to Laramide's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of Laramide's evaluation of changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas Laramide has identified as having the most significant change.

1) *Exploration and Evaluation Expenditures*

   IFRS currently allows an entity to elect to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions.

   Laramide plans to retain its current policy of deferring exploration and evaluation expenditures until such time as the properties are either put into commercial production, sold, determined not to be economically viable, or abandoned. Therefore Laramide believes that the adoption of IFRS will not result in any significant change to the related line items within its financial statements.

2) *Impairment of (Non-financial) Assets*

   IFRS, like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of deferred exploration and evaluation costs. The factors considered under IFRS are quite similar to Canadian GAAP, but there are some differences.

   IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

   Laramide's accounting policies related to impairment of deferred exploration costs will be changed to reflect these differences, however Laramide does not expect this change will have an immediate impact to the carrying value of its assets. Laramide will perform impairment assessments as at the Transition Date in accordance with IFRS.

3) *Foreign Currency*

   IFRS requires that the functional currency of Laramide, and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP. Laramide has determined its functional currency for each one of its subsidiaries and the resulting impact on the January 1, 2010 opening balance sheet.

4) *Share-based Payments*

   In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

   Laramide has determined that changes to its accounting policies related to share-based payments would not result in a significant change to line items within its financial statements.

5) *Asset Retirement Obligations (Decommissioning Liabilities)*

   IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

Laramide's accounting policies related to decommissioning liabilities will be changed to reflect these differences, however Laramide does not expect this change will have an immediate impact to the carrying value of its assets.

6) *Property and Equipment*

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP. Under IFRS Laramide has the option to value its property and equipment based on either a cost or a revaluation model. Laramide will continue to value its Property and Equipment at cost.

7) *Income Taxes*

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes based on a “probable” versus a ”more likely than not” criteria.

Laramide does not expect any significant changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

8) *Financial Instruments: Recognition and Measurement*

IFRS requires different treatment of the exchange gain or loss on the valuation of available for sale investments denominated in foreign currencies.

Laramide's accounting policies related to exchange gain or loss on the valuation of available for sale investments will be amended under IFRS to record the exchange gain or loss through the profit and loss statement rather than through Other Comprehensive Income/Loss.

The Company has identified resource requirements to implement appropriate IFRS financial reporting expertise at all levels of the business. Training of key finance and operational staff started in the second quarter of 2010 and has been completed.

***Subsequent Disclosures***

Laramide's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2011 will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and Laramide’s transition date IFRS statement of financial position (as at January 1, 2010).

## OTHER INFORMATION

This discussion and analyses of the financial position and results of operation as at December 31, 2010 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010. Additional information can be accessed at the Company’s website www.laramide.com or through the Company’s public filings at www.sedar.com.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with generally accepted Canadian accounting principles. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

## DISCLOSURE CONTROLS AND PROCEDURES

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of December 31, 2010 to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to management and disclosed in accordance with applicable securities regulations.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52-316 – "Certification of Design of Internal Control over Financial Reporting". Our ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable Canadian GAAP. ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable Canadian GAAP;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors;
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the design of the Company's internal controls over financial reporting as of December 31, 2010 pursuant to the requirements of Multilateral Instrument 52-109. The Company has designed appropriate internal controls over financial reporting ("ICFR") for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP except as noted herein:

There have been no changes in ICFR during the period ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

Marc C. Henderson
President and Chief Executive Officer
March 10, 2011