



QUARTERLY ACTIVITIES REPORT

For the Three Months ended 31 December 2008

HIGHLIGHTS

- Plan of Operations for proposed Daneros Mine lodged with BLM. Public comment period concluded successfully.
- BLM's draft Environmental Assessment has been concluded and is being reviewed by interested regulatory bodies.
- Royalty removed from the Geitus Project and an option acquired to purchase the royalty on the Daneros Project.
- Lark-Royal Project acquired from Uranium One, giving critical flexibility for the proposed Daneros mine development and access to valuable additional historically defined remnant ore adjacent to Daneros.
- White Canyon has no debt and is confident that underground development and mine production will be achieved within its current cash reserves, which at end of the quarter stood at \$5.9 million.
- The permit to mine for Daneros is expected by March 2009.

White Canyon Uranium Limited (WCU) holds 100% of the advanced Thompson, Daneros, Blue Jay, Marcy, Look and Geitus Projects in south-east Utah, totaling over 8,000 acres of mining claims and mineral leases. The projects contain historically defined high grade uranium deposits.

DANEROS DEPOSIT, UTAH USA

The Daneros uranium deposit is a "brownfields" virgin exploration discovery in close proximity to major past producing uranium mines of the Red Canyon mining area, near Blanding, Utah. The deposit is 100 km by established roads from the White Mesa Uranium Mill (Denison Mines) at Blanding.

Plan of Operations lodged for Daneros Uranium Mine

The Plan of Operations for the Company's proposed Daneros Uranium Mine was advertised in the local SE Utah press, and opened for a period of public comment, initially 30 days, then extended for a further 14 days to 19 December to encourage public participation.

A period of formal environmental assessment, technical audit and comment resolution then proceeded, and the draft Environmental Assessment was released for internal review by BLM and other statutory

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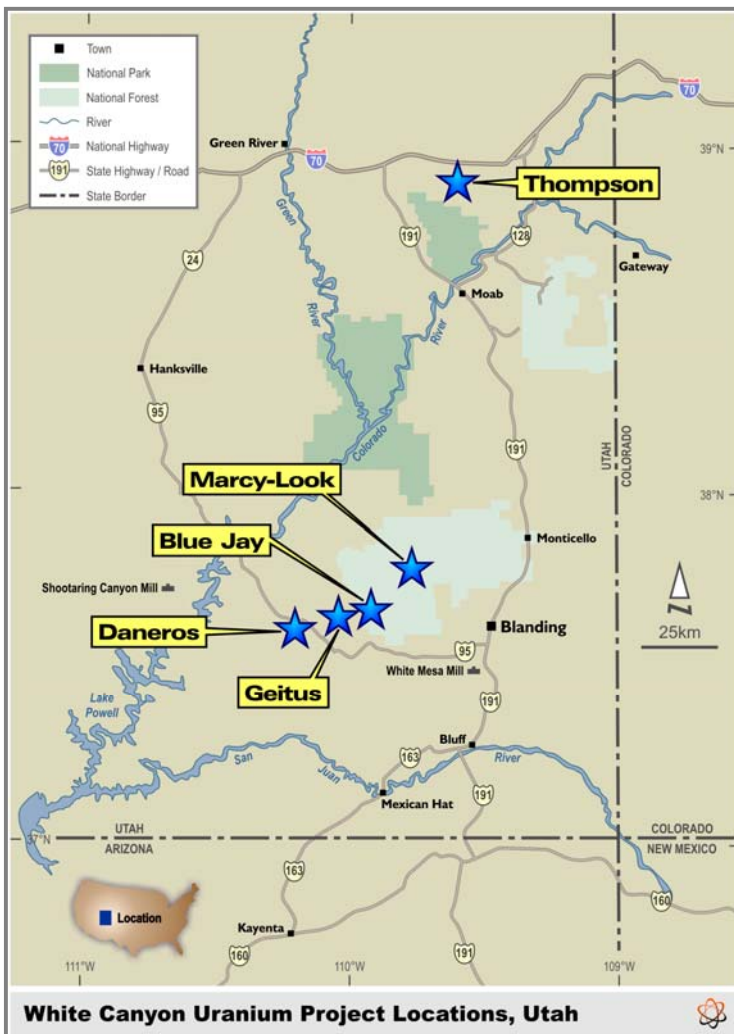
bodies on 16 January. Following conclusion of the review period it is expected that a mine permit will be issued, by March 2009.

Underground development will commence immediately upon issue of the permit, and mining and shipment of ore is expected in 60-120 days thereafter.

Negotiations on terms for ore treatment are proceeding with Denison Mines, owner of the White Mesa uranium mill.

White Canyon is confident that underground development and mine production will be achieved within its current cash reserves, which at the end of the quarter stood at \$5.9 million.

REMOVAL OF GEITUS PROJECT ROYALTY AND OPTION ON DANEROS PROJECT ROYALTY



During the quarter the Company negotiated the removal of the over-riding royalties on its most advanced uranium deposits. The move to acquire the Geitus and Daneros Royalties, along with the Lark-Royal project acquisition detailed below, is part of the Company's strategy to remove any potential impediments to the Daneros mining operation, and to improve the economics and profitability of the proposed mining operations in the short and long term.

Geitus

White Canyon acquired the over-riding 15% production royalty on minerals produced from the Geitus Project claims, held by Blanding prospectors Kevin, Sherwin and Eugene Shumway ("the Prospectors"), by payment of US\$375,000. Geitus contains a uranium deposit defined by drilling completed in the early 1980s.

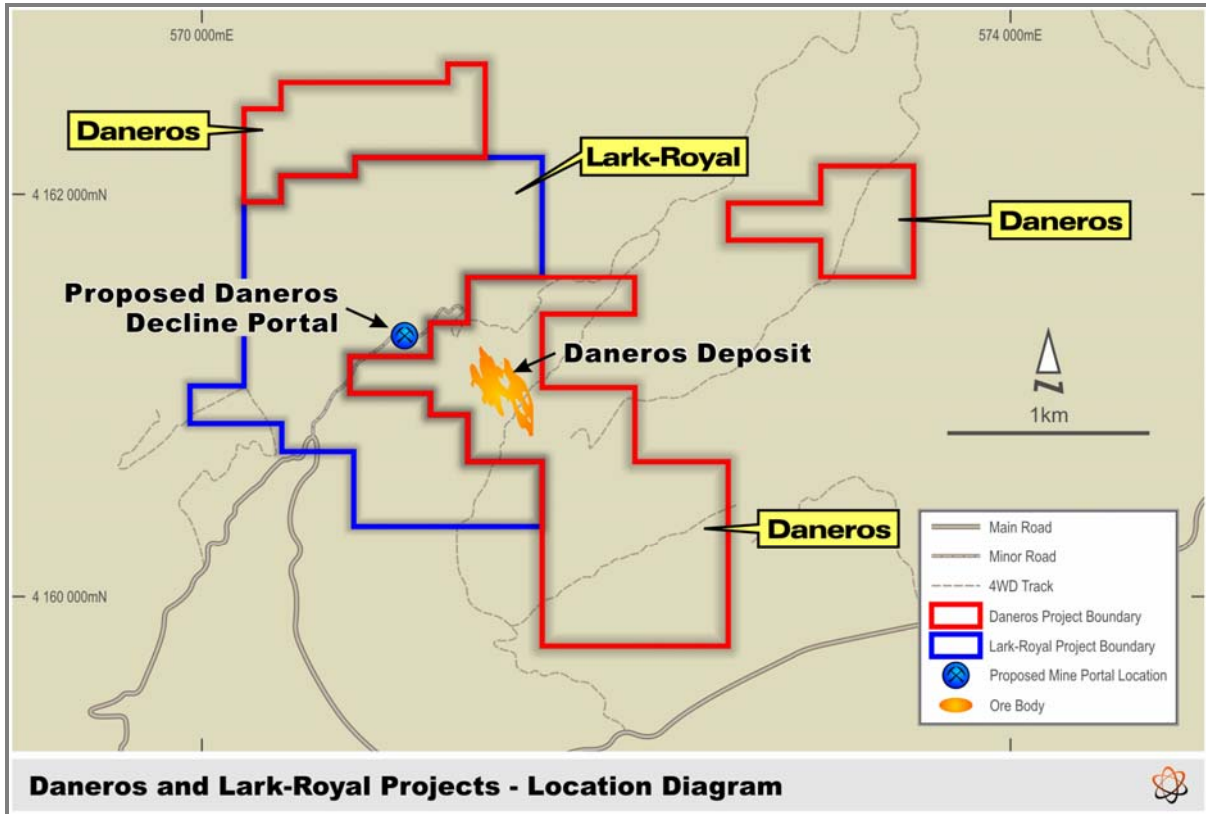
Daneros

The Company executed an option agreement with the Prospectors for the purchase of the 15% production royalty on minerals produced from the

Daneros claims. The option is exercisable on or before 15 March 2010 for an exercise price of US\$3,625,000. The price of the option was US\$25,000. It is envisioned that the exercise price would be paid from funds generated from the first 12 months of the Daneros mining operation. During the option period royalty payments will be suspended and held in escrow pending exercise of the option. The escrowed funds can be applied against the exercise price.

ACQUISITION OF LARK-ROYAL PROJECT FROM URANIUM ONE INC

White Canyon Uranium completed the purchase for US\$300,000 of 33 mining claims, known as the Lark-Royal Project, covering an area of 276 hectares (682 acres), adjacent to the Company's Daneros mine development project, from Canadian-based Uranium One Inc.



The Lark-Royal claims are subject to an existing 2½% royalty on revenue received from the milling of ore from the claims, to local prospector Jim Butt.

The acquisition was precipitated by the opportunity to achieve considerable cost and operational benefits from the location of surface facilities for the proposed Daneros Mine on the Lark-Royal claims rather than on the Daneros claims. This will include all proposed surface facilities, including decline portal, waste dump and ore pad.

Lark-Royal covers the northern extensions of the Company's Daneros uranium deposit, which is currently undergoing mine permitting with a projected mine start-up in the first quarter of 2009. The new leases also cover the old Lark and Royal Mines.

Analysis of the data package for the new claims indicates that there are substantial tonnages of remnant ore that were blocked out as historical "reserves" during previous development in the late 1970s in the Lark and Royal mines but are as yet unmined. Exploration drilling is planned to commence in the third quarter of 2009 to confirm the location and grade of these defined deposits and to locate extensions of the Daneros deposit on the Lark-Royal project area.



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30 January 2008

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