

FREEWEST RESOURCES CANADA INC.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2008

STATEMENT CONCERNING THE INTERIM FINANCIAL STATEMENTS

Management has compiled the unaudited interim financial statements as at January 31, 2008 and for the three-month periods ended January 31, 2008 and 2007. The statements have not been audited or reviewed by the Corporation's auditors or any other firm of chartered accountants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT March 21, 2008

The following management's discussion and analysis ("MD&A") of the results of operations and financial condition of Freewest Resources Canada Inc. ("Freewest" or the "Corporation") for the three-month period ended January 31, 2008 should be read in conjunction with the Corporation's annual audited consolidated financial statements and the related notes. As at October 31, 2007. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

FORWARD LOOKING STATEMENTS

Except for historical information, this contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital, the estimated cost and availability of funding for the acquisition of properties and the continued exploration and development thereof. Such statements reflect current views of Freewest with respect to future events and are subject to certain risks, uncertainties and assumptions. Estimates provided for fiscal 2008 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Corporation.

OVERVIEW

Freewest is a Canadian exploration corporation that focuses on grass roots exploration mainly in Eastern Canada. Freewest has a reputation within the Industry of acquiring properties located in good geological settings, with the potential to host large ore bodies. Management is a strong believer in working with prospectors who continue to offer the Corporation a good selection of early stage prospects. The Corporation's management team has a proven track record of being involved in a number of gold and base metal discoveries over the past 39 years. Freewest's exploration strategy involves combining prospecting and geological expertise with the use of modern geophysical and geochemical techniques to search for buried ore deposits. The Corporation is also a strong believer in conducting exploration through joint ventures with larger mining firms to share the risks and benefits of the firm's expertise in mine development and production.

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

MINING PROPERTIES

NEW BRUNSWICK

CLARENCE STREAM PROJECT

With the continuing strength of the gold price over the last few years and positive forecast for the coming year, the Clarence Stream property continues to be the Company's most important asset. The property comprises 11,296 hectares and is well-located, 70 kilometers southwest of the City of Fredericton in southwestern New Brunswick. It is situated 10 kilometres from the former-producing Mount Pleasant tin-tungsten-molybdenum-indium mine, a facility that contains outbuildings, electricity and a fully-permitted tailings pond. Clarence Stream's proximity to such a facility would impact favourably on capital costs, once a mineable resource is established.

RECENT DEVELOPMENTS

In October 2007, Freewest signed an agreement with Rockport Mining Corp on its Clarence Stream property. Under the agreement terms, Rockport may earn a 30% interest in the property by spending \$3,000,000 on exploration on or before October 2008. They can earn an additional 20% interest (50% cumulative) by spending \$4,500,000 on exploration on or before October 2011. Upon Rockport earning a 50% interest, it may elect to earn an additional 15% (65% cumulative) by funding the property through to a feasibility study. Rockport also undertakes on a best-efforts basis, to assist Freewest in financing its share of capital costs required for production, as outlined in the feasibility study.

MINERAL RESOURCES

An updated 43-101 compliant Mineral Resource estimate was recently received from our consultants, Scott Wilson Roscoe Postle Associates Inc (Scott Wilson RPA). Drilling to date has identified 2 distinct deposit clusters known as the Proximal deposits and the Anomaly-A, or Distal deposits. Scott Wilson RPA estimates an Indicated Mineral Resource of 817,400 tonnes at uncut grade of 8.43 g/t gold amounting to 221,620 ounces of gold in the indicated category. They also calculate an Inferred Mineral Resource of 642,600 tonnes at an uncut grade of 7.81 g/t gold or 161,340 ounces of gold in the inferred category.

METALLURGY

Bench-scale testing of diamond drill core from the Central Zone, the largest of the Proximal deposits, was completed by CANMET Mineral Technology Branch of Natural Resources Canada. The testing indicates a head grade of 8.00 g/t gold and that an overall recovery of greater than 90.6% is achievable through gravity separation and cyanidation of Central Zone ore.

Gold recovery tests were also completed for the AD Zone, the most prominent of the Distal deposits. The tests reveal that the head grade of the AD Zone is 6.48 g/t gold and that an encouraging 90.4% of the gold can be recovered by gravity separation and cyanidation of the ore.

Due to the significant antimony of the AD Zone, additional testing was performed by floatation methods to allow for the recovery of antimony minerals without hindering the recovery of gold. A very high recovery of 92.0% was obtained for antimony and gold by floatation, yielding a rough scavenger grade of 17% antimony and 54.0 g/t gold at this recovery. With further floatation testing, it is anticipated that the recovery and grade of the concentrate will substantially increase for both antimony and gold.

FUTURE WORK

Rockport is funding an aggressive first-year, \$3,000,000 exploration program at Clarence Stream in 2008, under the operatorship of Freewest. The objective is to increase the project's resource base to the million ounce-plus range, at an accelerated rate.

Freewest's recent drill program successfully demonstrated the potential at depth in the Central Zone locale, featuring intercepts of 47.28 g/t gold over 2.00 metres (CS07-266), 6.59 g/t gold over 7.00 metres (CS07-264), 3.57 g/t Au over 7.00 metres (CS07-265), 6.90 g/t gold over 2.00 metres (CS07-267), 4.22 g/t gold over 5.00 metres (CS08-271) and 7.98 g/t gold over 12.00 metres (CS08-272). Previous drilling efforts at the Central Zone and on all other parts of the Clarence Stream property have been shallow, generally above the 100-metre level. Drilling will continue for the duration of the year employing 2 drill rigs, in a concerted effort to substantially increase the gold mineral resource.

GOLDEN RIDGE PROJECT

In December of 2007, Freewest signed an agreement with Rockport Mining Corp., whereby Rockport can earn up to a 60% interest in the Golden Ridge property. Under the agreement terms, Rockport is required to spend \$1,600,000 on exploration over a 3-year period in order to earn a 60% interest. Upon Rockport earning its 60% interest, a joint-venture will be formed with further exploration and development costs shared by Rockport Mining Corp. and Freewest Resources Canada Inc. on a 60%-40% basis.

Exploration by Freewest during 1987 to 2004 identified multiple, north-trending gold zones in New Brunswick yielding assays of 4.40 g/t gold over 6.00 metres, 1.47 g/t gold over 48.9 metres and 1.23 g/t gold over 33.2 metres. All of the gold zones remain completely open along strike and to depth. Soil geochemistry surveys completed on an expanded grid in the adjacent State of Maine identified several strong gold-in-soil anomalies that almost certainly represent additional zones comprising part of the same large auriferous system. None of the targets in Maine have been tested by trenching or diamond drilling.

Exploration programs will be completed during 2008 in an effort to increase the size and tenor of the multiple gold zones through diamond drilling. Follow-up work will also be completed on the gold-in-soil anomalies delineated in Maine.

ONTARIO

McFAULDS PROPERTY

Freewest's McFaulds property is located 3.8 kilometres east-northeast of Noront Resources Ltd. Double Eagle copper-nickel-platinum group element deposit, in the Sachigo greenstone belt of northwestern Ontario. It consists of 9 mineral claims (144 claim units) located 300 kilometres north of Nakina, in the James Bay Lowlands (Figure 4).

Four (4) of the 9 claims are wholly-owned by Freewest, while 5 claims are under option to Spider Resources Inc. and KWG Resources Inc. (Spider-KWG JV). The Spider-KWG JV may earn a 50% interest in the 5 claims from Freewest, by incurring \$3,000,000 in exploration expenditures over a four-year period. They may earn a 60% interest by delivering a bankable feasibility study on any mineralization identified and a cumulative 65%, by arranging project financing on behalf of Freewest to place such mineralization into commercial production.

In September 2007, Noront Resources Ltd. announced the discovery of spectacular nickel-copper-platinum group element mineralization on their Double Eagle deposit. Results include 5.09% nickel, 3.10% copper, 2.78 g/t platinum and 9.78 g/t palladium over 68.3 metres in drill hole NOT-07-05, as well as 6.30% nickel, 2.80% copper, 1.90 g/t platinum, 10.20 g/t palladium and 3.00 g/t gold over 46.2 metres in drill hole NOT-07-27. The deposit occurs in ultramafic rocks or peridotite, within the basal lower-most portion of the volcanic pile, comprising the southern limb of the Sachigo greenstone belt. It is intimately associated with a discrete magnetic anomaly (magnetic high) and a coincident electromagnetic anomaly (conductor).

Based on an airborne geophysical survey flown in 2003 and geological evidence, the McFaulds property is underlain by the north-easterly extension of the same belt of ultramafic rocks that hosts the Double Eagle deposit. The ultramafic rocks on Freewest's property are associated with a series of magnetic highs and electromagnetic conductors similar to the geophysical signature of the Double Eagle deposit.

Drilling completed in 2006 on the Spider-KWG JV portion of the property (FW-06-03), intersected high-grade chrome and anomalous levels of nickel, copper and platinum-group-elements. The drilling yielded up to 23.70% chrome, 0.13% nickel and 0.487 g/t platinum in at least 2 horizons, clearly demonstrating the presence of magmatic chrome-nickel-platinum group element mineralization within peridotite host rocks.

A second detailed airborne geophysical survey was flown by Aeroquest International Ltd. on both parts of the McFaulds property in late 2007 (Freewest and the Spider-KWG JV portions). The detailed AeroTEM II survey provided greater anomaly resolution on 100-metre line centres, in comparison to the 300-metre line spacing, featured in the 2003 survey. Preliminary interpretation completed on the AeroTEM survey data, reveal numerous conductors with coincident magnetic highs.

FUTURE WORK

The Spider-KWG JV recently commenced a \$2.16 Million exploration program on the 5 optioned mineral claims. Systematic ground magnetic and horizontal-loop electromagnetic (HLEM) surveys will be completed over the peridotite in preparation for diamond drilling. The drilling will test the extent of the chrome-nickel-platinum group element horizons intersected in drill hole FW-06-03 and also coincident conductors and magnetic highs in the search for Double Eagle-type mineralization.

Likewise, on the wholly-owned portion of the property, Freewest will complete systematic ground magnetic and HLEM surveys over the ultramafic rocks in order to prioritize diamond drilling targets. Supplementary gravity and deep electromagnetic surveys may be utilized locally to further screen targets for diamond drilling.

SUNGOLD PROPERTY

Freewest recently announced the signing of an agreement with Xstrata Copper whereby Xstrata may earn up to a 75% interest in Freewest's Sungold property. The 100%-owned property comprises 94 square kilometers, located 120 kilometres west of Thunder Bay in the Shebandowan greenstone belt of northwestern Ontario.

Under the agreement terms, Xstrata is required to spend \$3,000,000 on exploration and make cash payments of \$125,000 to Freewest over a 4-year period, to earn a 51% interest in the property (the "Option"). Xstrata may earn an additional 24% interest (75% cumulative), by completing feasibility study on all or parts of the property, or by incurring at least \$20,000,000 in feasibility study expenditures ("Bump-Up Right"). If Xstrata exercises its Bump-Up Right and becomes vested with a 75% interest, a joint-venture shall be formed with Xstrata having an interest of 75% and Freewest 25%. Should Xstrata exercise its Option but not exercise its Bump-Up Right, a joint-venture will be formed between the parties with Xstrata having a participating interest of 51% and Freewest 49%.

In early 2005, Freewest announced the discovery of high-grade volcanic-hosted copper-zinc sulphides at the Wye Lake occurrence. Massive sulphides from the discovery outcrops yielded spectacular assays of up to 12.40% copper and 32.80% zinc. Trenching and diamond drilling traced stringer-type, semi-massive and massive sulphide styles of copper-zinc mineralization over an intermittent 800 metre strike length. Initial diamond drilling intersected the Wye Lake horizon over widths of 2 to 10 metres, confirming the existence of excellent quality massive sulphides locally, but failed to define a commercial deposit within the area drilled. Highlighting the drill results are intercepts of 6.21% zinc over 4.43 metres, 1.22% copper over 5.78 metres, 5.09% zinc over 2.15 metres and 1.74% copper across 3.00 metres.

Freewest also discovered an epigenetic style of copper-gold mineralization hosted within highly altered granitic breccia zones. Such zones are structurally controlled and have been traced over a 4.5 kilometre strike length and over widths of up to 400 metres. The breccias contain appreciable chalcopyrite and heavy magnetite as breccia filling while the clasts within it are characterized by sodic, hematitic and calcic alteration. Grab samples obtained from the breccias assay up to 6.30% copper and 15.0 g/t gold. Preliminary observations are suggestive of an iron oxide-copper-gold (IOCG) style of mineralization.

During the first year of the agreement, Xstrata is required to spend a minimum of \$400,000 on exploration and will act as operator on the project. Xstrata will complete initial ground geophysical surveys on the property in preparation for diamond drilling programs slated for the early spring of 2008.

LIZAR PROPERTY

In June of 2007, Freewest optioned the Lizar property to Noront Resources Ltd. Under the terms of the agreement, Noront may earn a 60% interest in the property by incurring \$1,000,000 in exploration expenditures over a 3-year period and making a one-time payment of \$20,000. Noront is committed to spending a minimum of \$400,000 during the first year of the agreement. Upon Noront earning its 60% interest in the property, further exploration and development will be shared by Noront and Freewest on a 60%-40% basis.

The property is located within the Kabinakagami greenstone belt in northwestern Ontario, approximately 90 kilometres east of the Hemlo gold mining operations near Marathon. It comprises 78.8 square kilometres and is host to a number of new and historic gold and base-metal occurrences.

Gold mineralization is hosted within felsic volcanic and intrusive rocks as irregular and anastomosing zones of wall-rock hosted quartz-sericite-pyrite alteration. The Kirk, Kyle, Sting and 42 zones are of this type and return grab sample values of up to 32.0, 5.1, 13.1 and 107.6 g/t gold respectively, from these zones.

Base-metal mineralization occurs in the southwest portion of the property at the Namiegos zone within felsic volcanic rocks. At Nameigos, heavily disseminated to semi-massive pyrrhotite, pyrite with lesser sphalerite and chalcopyrite occur over widths of up to 25 metres and along a strike length of 300 metres.

Komatiitic flows and ultramafic intrusions occur near the base of the volcanic pile at Lizar and offer potential for magmatic nickel-copper-platinum group element deposits. A single historic drill hole completed within the ultramafic rocks yielded assays of 0.5% nickel and 1.3 g/t palladium over a 3 metre core length.

In late 2007, Noront funded a diamond drilling program testing the new gold zones at Lizar as well as the Namiegos base-metal occurrence. Although highly anomalous assays were encountered at both of the occurrences, the drilling failed to yield drill intercepts of economic interest.

Future work will be directed towards exploring the potential for nickel-copper-platinum group element deposits within the ultramafic rocks. Such work will include systematic sampling and analyses of the ultramafic rocks, geological mapping, ground geophysics and diamond drilling.

KIRBY LAKE PROPERTY

Freewest acquired the Kirby Lake base-metal property in a recent option agreement with Thunder Bay prospectors. The 100%-owned property of 8 mineral claims is located in the Onaman-Tashota greenstone belt, approximately 12 kilometres west of the Town of Geraldton. It can be explored year-round due to its access by way of logging roads and proximity to infrastructure.

Two (2) prospective base-metal horizons have been identified on the property, known as the Kirby Lake horizon (KLH) and the Kirby Lake North horizon (KLNH). The KLH hosts an historic zinc showing discovered in 1994 known as the Kirby pit. Assays obtained from the occurrence yielded up to 7.19% zinc, 2.94% lead and 11.03 oz/t silver. Six short drill holes (e-size core) testing the occurrence intersected garnetiferous rhyolite containing narrow massive pyrrhotite and chalcopyrite bands.

The KLNH, discovered in 2007, is located 400 metres to the north of the KLH and contains 2 new massive and stringer-type sulphide occurrences. At the first occurrence, backhoe trenching uncovered stringer, semi-massive and massive pyrrhotite and appreciable chalcopyrite hosted within strongly chloritized rhyolite assaying up to 2.54%. Two hundred and fifty (250) metres along strike to the west-northwest, a second massive sulphide occurrence was exposed by backhoe trenching. Here, massive pyrrhotite and disseminated chalcopyrite hosted in chloritized rhyolite, returned assays of up to 0.40% copper. Both of the new occurrences are capped by a laminated cherty exhalite and have never been tested by diamond drilling.

Government airborne geophysical surveys reveal strong electromagnetic anomalies (conductors) and magnetic highs in close association with the new occurrences. The host rocks at Kirby Lake comprise

part of the 2770-2780 Ma Onaman assemblage. They consist of a variety of metavolcanic and metasedimentary rocks that to the south of the property are in fault-bounded contact with rocks of the Beardmore-Geraldton greenstone belt. The Onaman-Tashota and Beardmore-Geraldton greenstone belts have been the focus of intensive exploration efforts over the last few years. Precious and base-metal oriented exploration projects in the Kirby Lake locale are currently being completed by Kodiak Exploration Limited, Premier Gold Mines Limited and Sage Gold Incorporated.

Freewest plans a program of line cutting, horizontal-loop electromagnetic surveys (HLEM) and total field magnetic surveys over the occurrences in early 2008. The geophysical surveys will be followed up by an initial program of diamond drilling testing the prospective volcanic-hosted massive sulphide targets.

Freewest may earn a 100% interest from the vendors by making cash payments of \$165,000, issuing 100,000 shares of Freewest Resources Canada Inc. and incurring \$700,000 in exploration expenditures over a 4-year period. The vendors retain a 2.5% Net Smelter Return Royalty on the property of which Freewest may purchase 1.5% for the sum of \$500,000 per each 0.5% increment.

QUEBEC

WINDFALL PROPERTY

The Windfall property is located approximately 100 kilometres east of Lebel-Sur-Quevillon and 180 kilometres southwest of Chibougamau in central Quebec. It consists of 214 claims comprising 8,995 hectares and is held jointly between Freewest Resources Canada Inc. and Murgor Resources Inc.

In February of 2007, Freewest and Murgor optioned part of the property or 29 claims, to Noront Resources Ltd. to explore and develop these key claims containing the F11 and F17 gold zones. Freewest and Murgor retain a 100% interest in the remaining 185 claims on the property.

Both of these gold zones had previously been drilled by Freewest and Murgor in 2005 and 2006. At F11, gold mineralization comprises pyritic, altered and deformed felsic fragmental rocks yielding drill intercepts of up to 11.91 g/t gold over 17.0 metres. At F17, mineralization consists of quartz-tourmaline-pyrite veins with visible gold, hosted in a northeast-trending shear zone. Ore shoots within the F17 zone have returned drill intercepts of 8.89 g/t gold over 11.00 metres and 9.32 g/t gold over 11.00 metres. Higher-grade gold mineralization in both zones is hosted in plunging shoots (10 to 40 degrees to the northeast) that are still open down-plunge.

The 29 optioned claims are also situated immediately to the north (100 metres) of a high-grade discovery made by Noront in 2006 (Figure 11). The discovery yielded a spectacular drill intercept of 1328 g/t gold over 4.80 metres (52.30 oz/ton gold over 15.7 feet).

Noront recently embarked on a major exploration program intended to access and sample the F11 and F17 gold zones with an underground ramp collared on the newly optioned ground. The ramp will also provide access to a number of deeper gold zones on the Noront property including the high-grade discovery made in 2006. It is anticipated that the ramp will access all of the gold zones in the late spring of 2008.

Under the agreement terms, Noront Resources Ltd. issued 375,000 of its shares to Freewest and will incur exploration expenditures of \$4,000,000 in order to earn a 50% interest in the 29 claims. Noront may earn an additional 10% interest (60% cumulative) by financing a feasibility study on putting the property into commercial production.

BENOIT PROJECT

This 3,680 hectare property is located near Lebel-sur-Quevillon in south-central Quebec. It contains a gold deposit with an informal resource of 531,000 tons grading 0.161 oz/ton gold. This resource is contained within a larger inventory of 5.1 million tons grading 0.06 oz/ton gold. Murgor Resources Inc. has earned a 50% interest in the property. The property has excellent potential to host additional gold deposits. The corporation is looking for a joint-venture partner.

DALHOUSIE PROJECT

The Property was optioned from well known prospector Edwin Gaucher of EX-IN and consists of 67 mineral claims comprising 3,730 hectares, or 37.3 square kilometres. It is located 50 kilometres southeast of Mattagami, Quebec and is well accessed by a network of forestry roads branching off of the Val d'Or – Chibougamau Provincial highway.

Recently completed work on the Property by Freewest and EX-IN included the completion of a high resolution airborne time-domain electromagnetic survey (TDEM) and a brief follow-up prospecting program. The TDEM survey delineated 2 broad groups of conductors, known as the eastern group and the western group. Preliminary beep mat surveying and sampling of one of the western conductors yielded assays of 0.87 percent nickel at one locale and 0.44 percent copper, 0.31 percent nickel at a second location within layered gabbroic host rocks. Such mineralization is intimately associated with a strong 200-metre long conductor delineated by the TDEM survey.

Also closely associated with the western group of conductors, is a sizeable area of vanadium mineralization. Concurrent work by EX-IN, also identified a large area of vanadium mineralization with a potential outcrop area of 1.2 kilometres by 0.2 kilometres, yielding assays of up to 1.27% V₂O₅ from blasted outcrop samples. This mineralization and associated conductor has never been tested by diamond drilling.

Historically, the Bell River Complex in the property locale has seen intermittent exploration for nickel, copper, platinum-group-elements and vanadium since the late 1950's. This work was completed by Prospector Airways, Billiton, Harrison Metals, Firefly Mining Corporation and Inco Exploration and Technical Services Ltd. Among the exploration efforts, were the completion of numerous airborne and ground geophysical surveys that detected the eastern group of conductors but notably, failed to detect the western group. Diamond drilling completed to test the eastern group of conductors, yielded significant intercepts including 0.60 percent copper and 0.40% nickel over 9.0 metres, 0.50 percent copper and 0.50 percent copper over 5.0 metres as well as 1.10 percent copper over 3.0 metres .

Freewest plans a more detailed exploration program to examine the new nickel and vanadium occurrences as well as the other western conductors this field season. Such work will include prospecting, geological mapping, beep mat surveys, ground electromagnetic surveys in addition to diamond drilling. The exploration program is anticipated to begin in June.

The Corporation may earn a 100% interest in the Property from the vendor by issuing 500,000 shares of the Corporation and expending \$150,000 on exploration over a 2-year period. Additionally, the vendor has the option to purchase 500,000 shares of the Corporation at a price of \$0.20 over the same 2-year period. The agreement is subject to a 2.0% Net Smelter Return Royalty retained by the vendor, of which 1.0% can be purchased from same for the sum of \$1,000,000. The agreement is subject to all regulatory approvals.

FUTURE WORK

A follow-up beep mat prospecting program revealed numerous nickel-copper occurrences. A new geophysical survey is presently underway to locate the sulphide conductors on the ground so that they may be stripped with a mechanical excavator and sampled. If the results are positive there will be a drill program planned for the winter. A program of mechanical stripping and diamond drilling is planned for 2008.

RESULTS OF OPERATIONS

Three-month period ended January 31, 2008 compared with three-month period ended January 31, 2007

For the three month ended January 31, 2008, the Corporation reported a net loss of (\$125,599) or (\$0.001) basic and fully diluted per share, compared to a net income \$547,731 or \$0.004 basic and fully diluted per share in the same period of 2007.

Revenue totaled \$40,677 at January 31, 2008 as compared to \$247,239 at January 31, 2007. The decrease of \$206,562 consisted of an increase of \$20,374 of interest income as a result of the significantly higher funds on deposit, \$29,391 in operators fees (\$Nil – January 31, 2007) from joint venture agreements and a reduction \$256,327 on the gain on the sale of marketable securities of \$237,902 as at January 31, 2007 compared to a loss of \$18,425 as at January 31, 2008. In accordance with Section 3855 of the CICA handbook, marketable securities are carried at fair market value which was higher at October 31, 2007 than the proceeds received when the marketable securities were sold during the three-month period ended January 31, 2008.

The cost of mining properties and deferred costs are capitalized until the results of the projects are known. If a project is successful, the related expenditures will be amortized over a period of years pro-rata to anticipated income. If a project is abandoned or if a permanent drop in value for a property is recognized, the related expenditures will be written off. The write-off, write-down of properties for the three-month period ended January 31, 2008 was \$65,803 (\$113,002 – January 31, 2007). In accordance Section 3855 of the CICA handbook, marketable securities are carried at fair market value at January 31, 2008. As the market value of the marketable securities was \$761,922 at January 31, 2008, the Corporation recorded a loss on adjustment of marketable securities in the amount of \$250,455 (\$Nil – January 31, 2007). Expenses excluding the write-off, write-down of properties and loss on adjustment of marketable securities totaled \$279,072 compared to \$131,312 for the three-month period ended January 31, 2007. Professional fees totaled \$151,338 for the three-month period ended January 31, 2008 compared to \$54,356 for the three-month period ended January 31, 2007. The increase of \$96,982 consisted mainly to higher professional services rendered during the period in particular regarding the incorporation of Quest Uranium Corporation as a wholly-owned subsidiary and subsequent transfer of the Corporation's 100% owned uranium properties to Quest Uranium. Filing costs and shareholders' information increased by \$29,157 to \$66,176 compared \$37,019 at January 31, 2007 as a result of higher fees incurred during the period related to Quest Uranium its wholly owned subsidiary. Administrative expenses and others increased by \$21,700 to \$61,245 from \$39,545 as at January 31, 2007 mainly as a result of a revised agreement with a related corporation for the sharing of Freewest's office and personnel. Interest expenses were \$Nil for the three-month periods ended January 31, 2008 and 2007. There were no Stock option compensation expenses for the three-month periods ended January 31, 2008 and 2007.

Three-month period ended January 31, 2007 compared with three-month period ended January 31, 2006

For the three month ended January 31, 2007, the Corporation reported a net income of \$547,731 or \$0.004 basic and fully diluted per share, compared to net income of \$278,857 or \$0.002 basic and fully diluted per share in the same period of 2006.

Revenue totaled \$247,239 at January 31, 2007 as compared to \$34,282 at January 31, 2006. The increase of \$212,957 consisted of a reduction of \$11,060 from interest income as a result of the lower on deposit offset by a higher gain of \$224,017 on the disposal of marketable securities.

The net income for the three-month period included a write-off due to abandonment of properties of \$113,002 (\$63,493 – January 31, 2006). Expenses excluding the write-off due to abandonment of properties totaled \$131,312 compared to \$143,722 for the three-month period ended January 31, 2006. Professional fees totaled \$54,356 for the three-month period ended January 31, 2007 compared to \$35,610 for the three-month period ended January 31, 2006. The increase of \$18,746 was related to higher professional services rendered during the period including \$10,500 of financial consulting services provided the Corporation. Filing costs and shareholders' information decreased by \$3,152 to

\$37,019 compared \$40,171 at January 31, 2006 and was due a decrease in advertising, promotion, and public relation costs related to the timing and attendance at mining and investor conferences. Administrative expenses and others decreased by \$11,336 to \$39,545 from \$50,881 as at January 31, 2006 as a result of the decrease in office expenditures as a result of the rental of new office premises and lower salaries due to a revised agreement with a related corporation for the sharing of Freewest's office and personnel. Interest expenses of \$Nil (\$5,233 – January 31, 2006) were incurred as a result of the period in which the exploration expenditures were incurred. Stock option compensation expenses as described in the Critical Accounting Policies section totaled \$Nil for the three-month period ended January 31, 2007 compared to \$11,337 for the three-month period ended January 31, 2006.

SUMMARY OF QUARTERLY RESULTS

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

	2008	2007				2006		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	40,677	660,722	248,181	99,695	247,239	28,584	225,495	40,819
Net income (loss)	(125,599)	1,073,544	(300,734)	(313,357)	547,731	(139,975)	7,843	(465,967)
Net income (loss) per share - basic and fully diluted	(0.001)	0.007	(0.002)	(0.002)	0.004	(0.001)	0.000	(0.004)

The Corporation has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. On December 11, 2007 the Corporation distributed an aggregate amount of 6,256,979 common shares of Quest Uranium Corporation by way of a taxable dividend to the Freewest shareholders of record at the close of business on December 10, 2007 on the basis of one common share of Quest Uranium for every 25 common shares of the Corporation held.

LIQUIDITY

Three-month period ended January 31, 2008 compared with three-month period ended January 31, 2007

As at January 31, 2008, the Corporation maintained a cash or equivalent position of \$5,017,726 (\$1,887,179 as at January 31, 2007) and working capital of \$7,281,153 as compared to a working capital of \$1,915,126 as at January 31, 2007. The Corporation has no long-term debt. Management is of the opinion that the current cash position is sufficient to meet current commitments. Full development of some mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Freewest raised a total \$1,494,440 through one (1) private placement (\$1,340,793 flow-through amount and \$153,647 in common shares amount) compared to \$2,010,020 through three (3) private placements (\$1,702,518 flow-through amount and \$307,502 in common shares) for the three-month period ended January 31, 2007. Issue costs related to the financings totaled \$88,018 at January 31, 2008 as compared to \$121,457 at January 31, 2007.

Three-month period ended January 31, 2007 compared with three-month period ended January 31, 2006

As at January 31, 2007, the Corporation maintained a cash or equivalent position of \$1,887,179 (\$2,933,010 as at January 31, 2006) and working capital of \$1,915,126 as compared to a working capital of \$2,845,037 as at January 31, 2006. The Corporation has no long-term debt. Management is of the opinion that the current cash position is sufficient to meet current commitments. Full development of some mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Freewest raised a total \$2,010,020 through three (3) private placement \$(1,702,518 flow-through amount and \$307,502 in common shares amount) compared to \$1,576,600 through one (1) private placements (\$1,411,845 flow-through amount and \$164,755 in common shares amount) for the three-month period ended January 31, 2006. Issue costs related to the financings totaled \$121,457 at January 31, 2007 as compared to \$96,036 at January 31, 2006.

MINING PROPERTIES AND DEFERRED COSTS

	October 31, 2007	Expenditures	Proceeds from option agreements	(Write-off Disposal or Grant)	January 31, 2008
	\$	\$	\$	\$	\$
Quebec					
Benoit					
Acquisition	402,494	-	-	-	402,494
Exploration	95,692	-	-	-	95,692
Barry					
Acquisition	162,430	-	(34,072)	-	128,358
Exploration	628,319	-	-	-	628,319
Verneuil					
Acquisition	215,137	-	-	-	215,137
Exploration	72,089	-	-	-	72,089
Windfall					
Acquisition	(126,064)	-	-	-	(126,064)
Exploration	1,972,521	-	-	-	1,972,521
Eagle River					
Acquisition	11,371	-	-	-	11,371
Exploration	127,987	-	-	-	127,987
La Treve					
Acquisition	39,847	-	-	-	39,847
Exploration	99,752	-	-	-	99,752
George River					
Acquisition	471,479	47,158	-	(518,637)	-
Exploration	1,423,004	27,021	-	(1,450,025)	-
Dalhousie					
Acquisition	40,100	(100)	-	-	40,000
Exploration	78,280	32,357	-	-	110,637
Others					
Acquisition	(18,595)	-	-	(500)	(19,095)
Exploration	29,880	9,899	-	(9,899)	29,880
	5,725,723	116,335	(34,072)	(1,979,061)	3,828,925
Ontario					
Larose					
Acquisition	104,113	-	-	-	104,113
Exploration	932,598	-	-	-	932,598
Lizar					
Acquisition	351,958	20,000	-	-	371,958
Exploration	434,531	4,129	-	-	438,660
McFaulds					
Acquisition	(100,872)	-	-	-	(100,872)
Exploration	158,273	30,509	-	-	188,782

MINING PROPERTIES AND DEFERRED COSTS (Cont'd)

	October 31, 2007	Expenditures	Proceeds from option agreements	(Write-off Disposal or Grant)	January 31, 2008
	\$	\$	\$	\$	\$
Ontario (Cont'd)					
Sungold					
Acquisition	182,231	-	-	-	182,231
Exploration	3,011,085	-	-	-	3,011,085
Folson Lake					
Acquisition	(8,300)	-	-	-	(8,300)
Exploration	238,491	324	-	-	238,815
Croon Lake					
Acquisition	28,100	11,625	-	(39,725)	-
Exploration	-	4,216	-	(4,216)	-
Others					
Acquisition	133,462	12,685	-	(103,831)	42,316
Exploration	35,069	93,741	-	(87,033)	41,777
	5,500,739	177,229	-	(234,805)	5,443,163
New Brunswick					
Golden Ridge					
Acquisition	55,584	-	-	-	55,584
Exploration	757,865	-	-	-	757,865
Clarence Stream					
Acquisition	511,379	-	-	-	511,379
Exploration	7,215,435	4,950	-	-	7,220,385
Plaster Rock					
Acquisition	31,087	-	-	(31,087)	-
Exploration	56,211	-	-	(56,211)	-
Others					
Acquisition	35,464	8,750	-	-	44,214
Exploration	150,384	15,072	-	(51,547)	150,398
	8,813,409	28,772	-	(102,356)	8,739,825
NFLD/Labrador					
George River					
Acquisition	20,020	-	-	(20,020)	-
Exploration	137,369	2,835	-	(140,204)	-
Others					
Acquisition	14,280	7,200	-	-	21,480
Exploration	2,994	31,008	-	(28,232)	5,770
	174,663	41,043	-	(188,456)	27,250
Canadian Properties	20,214,534	363,379	(34,072)	(2,504,678)	18,039,163
Stock Option Compensation	280,561	-	-	-	280,561
	20,495,095	363,379	(34,072)	(2,504,678)	18,319,724

For the three-month period ended January 31, 2008, the Corporation incurred exploration expenditures totaling \$256,061 of which \$69,277 was incurred in Quebec; \$132,919 in Ontario; \$20,022 in New Brunswick and \$33,843 in Newfoundland and Labrador. The exploration expenditures incurred in Canada were funded through the amount raised from Freewest's private placement equity financings.

RELATED PARTY TRANSACTIONS

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

- (i) During the period the Corporation retained the services of certain members of the board of directors of the Corporation to carry out work on its exploration projects and for financial consulting services. For the three-month period ended January 31, 2008, the total amount of such services was \$29,000 (2007 - \$42,462).
- (ii) Prepaid expenses included an amount of \$1,629 (2007 - \$2,262) representing advances to an officer for upcoming exploration and office expenses.
- (iii) The related corporations charged an aggregate amount of \$Nil (2007 - \$7,400) for mining properties and exploration expenditures and \$6,000 (2007 - \$10,500) for financial consulting services.
- (iv) The Corporation charged related corporations an aggregate amount of \$114,488 (2007 - \$11,625) for administrative costs and services, shared office expenses and exploration expenditures.
- (v) Due from related corporations represent the net amount of charges for shared office and related expenses, as well as exploration expenditures between Freewest Resources Canada Inc., Murgor Resources Inc. and Quest Uranium Corporation.
- (vi) Amounts due from related corporations and due to related parties are non-interest bearing with no specific terms of repayment.

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

ADMINISTRATIVE EXPENSES AND OTHERS

The table below details the amounts included in Administrative Expenses and Others of \$61,245 for the three-month period ended January 31, 2008 (\$39,353 – January 31, 2007):

	January 31, 2008	January 31, 2007
	\$	\$
Office Expenses		
Dues and Subscriptions	2,167	728
Postage and Courier	1,533	1,368
Telephone	1,205	992
Insurance	7,182	6,562
Office Supplies and Other	8,477	5,568
Recovery	(3,000)	(3,000)
Salaries	32,034	14,872
Rent	12,143	12,403
Foreign Exchange	(496)	(140)
	61,245	39,353

CAPITAL STOCK

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

Authorized:

An unlimited number of no par value common shares.

	Number of Shares #	Amount \$
Issued:		
Balance at beginning, October 31, 2007 (audited)	150,586,960	40,761,657
Issuance of shares under flow-through agreements	4,670,125	1,489,770
Issuance of shares for cash	20,779,148	5,897,632
Issuance of shares on acquisition of mining properties	225,000	34,625
Issued and fully paid	<u>176,261,233</u>	<u>48,183,734</u>
Tax benefits renounced on flow-through shares	-	(429,054)
	<u>176,261,233</u>	<u>47,754,680</u>
Committed:		
Shares to be issued for mining properties	<u>150,000</u>	<u>47,250</u>
Balance at end, March 21, 2007 (unaudited)	<u><u>176,411,233</u></u>	<u><u>47,801,930</u></u>

b) Stock option plan

	Number of Options #	Weighted Average Exercise Price \$
Balance at beginning October 31, 2007 (audited)	11,425,000	0.26
Exercised	(125,000)	0.20
Expired/Cancelled	<u>(200,000)</u>	<u>0.20</u>
Balance at end, March 21, 2008 (unaudited)	<u><u>1,100,000</u></u>	<u><u>0.26</u></u>

Accounting for the stock-based compensation plan

The fair value of 250,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	2.75%
Expected volatility	111%
Dividend yield	Nil
Weighted average expected life	2 years

The expenses related to the 200,000 stock options granted to a financial consultant on November 1, 2005 were \$11,336 classified under the "Administration" and the expenses related to the 50,000 stock options granted to employees on March 9, 2006 were \$5,000 classified under the "Deferred exploration expenses".

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

The fair value of 1,180,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	4.00%
Expected volatility	159%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 1,180,000 stock options granted to employees, directors and consultants on March 9, 2006 were \$14,000 classified under the "Deferred exploration expenses" and \$151,200 under "Administration".

The fair value of 25,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	4.00%
Expected volatility	71%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 25,000 stock options granted to a consultant on March 23, 2006 were \$2,600 classified under the "Deferred exploration expenses".

The fair value of 10,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	2.98%
Expected volatility	70%
Dividend yield	Nil
Weighted average expected life	1 year

The expenses related to the 10,000 stock options granted to an employee on May 23, 2006 were \$481 and were classified under the "Deferred exploration expenses".

The fair value of 250,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.75%
Expected volatility	159%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 250,000 stock options granted to a consultant on June 12, 2006 were \$24,625 and were classified under the "Administration".

The fair value of 250,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.75%
Expected volatility	71%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 250,000 stock options granted to a consultant on October 30, 2006 were \$22,500 and were classified under the "Deferred exploration expenses".

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

The fair value of 50,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.98%
Expected volatility	87%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 50,000 stock options granted to an employee on April 2, 2007 were \$2,847 classified under the "Deferred exploration expenses".

The fair value of 2,850,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	4.64%
Expected volatility	86%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 2,850,000 stock options granted to employees, directors and consultants on July 25, 2007 were \$57,382 classified under the "Deferred exploration expenses" and \$306,038 under "Administration".

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
	#	\$
Balance at beginning October 31, 2007 (audited)	31,345,003	0.27
Granted	12,620,776	0.47
Exercised	(14,977,720)	0.25
Expired	(2,913,721)	0.25
Balance at end, March 21, 2008 (unaudited)	<u>26,074,338</u>	<u>0.37</u>

The fair value of the warrants issued on June 16, 2006 was estimated to be \$17,600 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	2.75%
Expected volatility	79%
Dividend yield	Nil
Weighted average expected life	2 years

c) Warrants (Cont'd)

The fair value of the warrants issued on July 26, 2007 was estimated to be \$33,677 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	4.66%
Expected volatility	72%
Dividend yield	Nil
Weighted average expected life	1 year

The fair value of the warrants issued on July 26, 2007 was estimated to be \$20,715 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	4.66%
Expected volatility	72%
Dividend yield	Nil
Weighted average expected life	1 year

The fair value of the warrants issued on October 23, 2007 was estimated to be \$27,099 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	4.22%
Expected volatility	95%
Dividend yield	Nil
Weighted average expected life	1 year

The fair value of the warrants issued on October 23, 2007 was estimated to be \$14,391 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	4.22%
Expected volatility	95%
Dividend yield	Nil
Weighted average expected life	1 year

FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, cash held for exploration work, marketable securities, accounts receivable, accounts payable and accrued liabilities, and due to and due from related parties. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise stated, the book value of the Corporation's financial assets and liabilities approximates their fair value.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES

The Corporation prepares its financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") in Canada. The Corporation details its significant accounting policies in Note 2 to its annual audited consolidated financial statements as at October 31, 2007, of which the Freewest has identified the following accounting policies, which are believed to be the most critical in fully understanding and evaluating the reported financial results:

The cost of mining properties and deferred costs are capitalized until the results of the projects are known. If a project is successful, the related expenditures will be amortized over a period of years pro-rata to anticipated income. If a project is abandoned or if a permanent drop in value for a property is recognized, the related expenditures will be written off. The sale of an interest in claims or a grant received is credited directly to expenditures until such time as all related expenditures are recovered. Direct costs incurred to maintain claims are capitalized.

The Corporation has two stock option plans as described in note 8b to the audited October 31, 2007 financial statements. Effective November 1, 2002, the Corporation adopted prospectively the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments and began expensing prospectively its stock based compensation in 2003. Under these new standards, all stock-based payments made to non-employees must be systematically accounted for in the Corporation's financial statements. Under this method, compensation cost should be measured at the grant date based on the fair value of the award and should be recognized over the related service period. The cost of the stock option Compensation Plan is recognized in Deferred Exploration Expenses and Administration Expenses with a corresponding credit to Contributed Surplus using the fair value based method of Accounting of Awards.

Basic per share amounts are calculated using the weighted number of shares outstanding for the period. The dilutive loss per share, which is calculated using the treasury method, is equal to the basic loss per share due to the anti-dilutive effect of the total share options and warrants outstanding.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of income and expenses during the reporting period. Significant areas requiring the use of management estimates relate to impairment of mineral properties. Actual results could differ from those estimates.

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

The Corporation has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Corporation, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

Effective as of the audited October 31, 2004 financial statements, the Corporation prospectively adopted the recommendation of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA"). EIC 146 requires the recognition of the foregone tax benefit at the time of the renouncement provided there is reasonable assurance that the expenditures will be incurred.

During the fiscal year 2007, the Corporation adopted the new accounting policy sections 3855 and 1530 of the CICA Handbook related to financial instruments. Section 3855 establishes standards for recognition and measurement of financial assets, financial liabilities and non-financial derivatives, specifies when and to which amount a financial instrument is to be recorded on the balance sheet and guidance for disclosure of gains and losses on financial instruments. Section 1530 defines comprehensive income as the change in the Corporation's net assets that results from transactions, events and circumstances from sources other than the Corporation's shareholders and includes items that would not normally be included in the net earnings such as unrealized gains or losses on available for sale investments. Other comprehensive income includes the holding gains and losses from available for sale securities which are not included in the net income (loss) until realized.

CHANGES IN ACCOUNTING POLICIES

The Corporation made no changes in or added any new accounting policies as the end of the period covered by this report.

DISCLOSURE CONTROLS AND PROCEDURES

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

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the financial statements and other financial information relating to the Corporation included in this interim report. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgements of management. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects. The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer’s disclosure controls and procedures as at January 31, 2008 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in this interim report.

(Signed: Mackenzie I. Watson, P.Eng)
President & CEO

(Signed: Mark Schneiderman CA, CFE)
Secretary-Treasurer & CFO

Montreal, Quebec
March 21, 2008

FREEWEST RESOURCES CANADA INC.
(AN EXPLORATION STAGE CORPORATION)
BALANCE SHEETS
AS AT

	January 31 2008 (Unaudited)	Consolidated October 31 2007 (Audited)
	\$	\$
ASSETS		
CURRENT		
Cash	3,222,515	1,029,812
Cash Held for Exploration Work	1,795,211	776,176
Marketable Securities (note 4)	761,922	1,096,905
Marketable Securities - Investment (note 5)	823,465	-
Accounts Receivable	1,147,973	812,675
Due from Related Corporations (note 8)	137,437	3,684
Prepaid Expenses	62,728	106,018
	<u>7,951,251</u>	<u>3,825,270</u>
PROPERTY, PLANT AND EQUIPMENT	16,695	17,826
MINING PROPERTIES AND DEFERRED COSTS	<u>18,319,724</u>	<u>20,495,095</u>
	<u><u>26,287,670</u></u>	<u><u>24,338,191</u></u>
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	661,918	864,877
Due to Related Parties (note 8)	8,180	45,268
	<u>670,098</u>	<u>910,145</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 7)	44,725,930	40,761,657
STOCK OPTIONS (note 7b)	864,067	876,819
WARRANTS (note 7c)	601,666	596,997
DEFICIT	(20,522,719)	(18,807,427)
ACCUMULATED OTHER COMPREHENSIVE LOSS (note 5)	(51,372)	-
	<u>25,617,572</u>	<u>23,428,046</u>
	<u><u>26,287,670</u></u>	<u><u>24,338,191</u></u>

See accompanying notes
to financial statements.

Approved on Behalf of the Board:

(Signed: Mackenzie I. Watson) Director

(Signed: Ronald Kay) Director

FREEWEST RESOURCES CANADA INC.
(AN EXPLORATION STAGE CORPORATION)
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(UNAUDITED)

	Three-month period ended	
	January 31	
	2008	2007
	\$	\$
REVENUE		
Interest	29,711	9,337
Operator's Fees	29,391	-
(Loss) Gain on Sale of Marketable Securities	<u>(18,425)</u>	<u>237,902</u>
	40,677	247,239
EXPENSES		
Professional Fees	151,338	54,356
Filing Costs and Shareholders' Information	66,176	37,019
Administrative Expenses and Others	61,245	39,545
Amortization	313	392
Write-off, Write-down of Properties	65,803	113,002
Loss on Adjustment of Marketable Securities	250,455	-
	<u>595,330</u>	<u>244,314</u>
(LOSS) INCOME BEFORE RECOVERY OF INCOME TAXES	(554,653)	2,925
INCOME TAXES - FUTURE	<u>429,054</u>	<u>544,806</u>
NET (LOSS) INCOME	(125,599)	547,731
OTHER COMPREHENSIVE LOSS (note 5)		
Unrealized Loss on Marketable Securities Available For Sale	<u>(51,372)</u>	-
COMPREHENSIVE (LOSS) INCOME	<u>(176,971)</u>	<u>547,731</u>
DEFICIT - BEGINNING OF PERIOD	(18,807,427)	(19,422,650)
ISSUE COSTS	(88,018)	(121,457)
DIVIDEND (Note 6)	<u>(1,501,675)</u>	-
DEFICIT - END OF PERIOD	<u>(20,522,719)</u>	<u>(18,996,376)</u>
BASIC AND FULLY DILUTED NET INCOME PER SHARE	<u>(0.001)</u>	<u>0.004</u>
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	<u>159,550,888</u>	<u>132,393,749</u>

See accompanying notes
to financial statements.

FREEWEST RESOURCES CANADA INC.
(AN EXPLORATION STAGE CORPORATION)
INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three-month period ended January 31	
	<u>2008</u>	<u>2007</u>
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net (Loss) Income	(125,599)	547,731
Adjustments for:		
Gain (Loss) on Sale of Marketable Securities	18,425	(237,902)
Loss on Adjustment of Marketable Securities	250,455	-
Write-off, Write-down of Properties	65,803	113,002
Amortization	313	392
Income Taxes - Future	<u>(429,054)</u>	<u>(544,806)</u>
	<u>(219,657)</u>	<u>(121,583)</u>
Changes in non-cash working capital components		
Accounts Receivable	(335,298)	(9,352)
Prepaid Expenses	43,290	29,782
Accounts Payable and Accrued Liabilities	(202,959)	(7,426)
Due to Related Parties	<u>(170,841)</u>	<u>(21,731)</u>
	<u>(665,808)</u>	<u>(8,727)</u>
Cash Flows (Used In) Operating Activities	<u>(885,465)</u>	<u>(130,310)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of Common Shares and Warrants	2,976,467	307,502
Issuance of Flow-Through Shares	1,340,793	1,702,518
Issue Costs	<u>(88,018)</u>	<u>(121,457)</u>
Cash Flows From Financing Activities	<u>4,229,242</u>	<u>1,888,563</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from Sale of Marketable Securities	100,800	367,394
Mining Properties Acquisition Expenditures	(39,788)	(72,442)
Mining Properties Exploration Expenditures	(232,745)	(623,827)
Proceeds from Option Agreements	-	6,000
Amortization Expenses in Mining Properties	818	1,149
Government Grants	<u>38,876</u>	<u>-</u>
Cash Flows (Used In) Investing Activities	<u>(132,039)</u>	<u>(321,726)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	3,211,738	1,436,527
Cash and cash equivalents - beginning of period	<u>1,805,988</u>	<u>450,652</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u><u>5,017,726</u></u>	<u><u>1,887,179</u></u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	3,222,515	478,362
Cash Held for Exploration Work	<u>1,795,211</u>	<u>1,408,817</u>
	<u><u>5,017,726</u></u>	<u><u>1,887,179</u></u>
SUPPLEMENTAL FINANCIAL INFORMATION		
Interest received	29,711	9,337
Interest paid	-	11,551
Income taxes paid	-	-

See accompanying notes
to financial statements.

FREWEST RESOURCES CANADA INC.
(AN EXPLORATION STAGE CORPORATION)
NOTES TO INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2008
(UNAUDITED)

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION

On December 11, 2007 the Corporation distributed as a dividend an aggregate amount of 6,256,979 common shares of Quest Uranium Corporation held to its shareholders. Before the distribution the Corporation owned 100% of the outstanding common shares of Quest Uranium Corporation and therefore presented consolidated financial statements at October 31, 2007. After the distribution and a new issuance of shares by Quest, the Corporation held approximately 17.6% of Quest Uranium's issued and outstanding shares, and therefore did not present consolidated financial statements since it no longer held a controlling interest in Quest Uranium.

The unaudited interim financial statements are prepared in accordance with generally accepted accounting principles in Canada and use the same accounting policies and methods as described in note 2 "Significant Accounting Policies" of the Corporation's most recent annual audited consolidated financial statements. All disclosure required for audited annual financial statements have not been included in these unaudited interim financial statements. These unaudited interim financial statements should be read in conjunction with the Corporation's most recent annual audited consolidated financial statements as at October 31, 2007.

In the opinion of management, the unaudited interim financial statements reflect all adjustments, which consist of normal and recurring adjustments, necessary to present fairly the financial position at January 31, 2008 and the results of operations and cash flows for the three-month periods ended January 31, 2008 and 2007.

3. USE OF ESTIMATES

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

4. MARKETABLE SECURITIES

In accordance with Section 3855 of the CICA handbook, marketable securities are carried at fair market value. Market value as at January 31, 2008 was \$761,922. The change in fair value for the three-month period ended January 31, 2008 of \$250,455 was recorded as a "Loss on Adjustment of Marketable Securities".

5. MARKETABLE SECURITIES - INVESTMENT

In accordance with Sections 1530 and 3855 of the CICA handbook, the marketable securities available for sale are carried at fair market value. Fair market value as at January 31, 2008 was \$823,465. The unrealized loss from the change in the fair value for the three-month period ended January 31, 2008 of \$51,372 was recorded as "Other Comprehensive Loss".

6. DIVIDEND

On December 11, 2007 the Corporation proceeded to the distribution to its shareholders of an aggregate amount of 6,256,979 common shares of Quest Uranium Corporation. Each Freewest shareholder of record at the close of business on December 10, 2007 received one common share of Quest Uranium for every 25 common shares of the Corporation held. The distribution was made as a taxable dividend.

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7. CAPITAL STOCK

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

Authorized:

An unlimited number of no par value common shares.

	Number of Shares	Amount
	#	\$
Issued:		
Balance at beginning, October 31, 2007 (audited)	150,586,960	40,761,657
Issuance of shares under flow-through agreements	4,670,125	1,489,770
Issuance of shares for cash	11,432,720	2,835,932
Issuance of shares on acquisition of mining properties	125,000	20,375
Issued and fully paid	166,814,805	45,107,734
Tax benefits renounced on flow-through shares	-	(429,054)
	166,814,805	44,678,680
Committed:		
Shares to be issued for mining properties	150,000	47,250
Balance at end, January 31, 2008 (unaudited)	166,964,805	44,725,930

b) Stock option plan

	Number of Options	Weighted Average Exercise Price
	#	\$
Balance at beginning, October 31, 2007 (audited)	11,425,000	0.26
Exercised	(100,000)	0.20
Expired	(200,000)	0.20
Balance at end, January 31, 2008 (unaudited)	11,125,000	0.26

Accounting for the stock-based compensation plan

The fair value of 250,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	2.75%
Expected volatility	111%
Dividend yield	Nil
Weighted average expected life	2 years

The expenses related to the 200,000 stock options granted to a financial consultant on November 1, 2005 were \$11,336 classified under the "Administration" and the expenses related to the 50,000 stock options granted to employees on March 9, 2006 were \$5,000 classified under the "Deferred exploration expenses".

The fair value of 1,180,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	4.00%
Expected volatility	159%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 1,180,000 stock options granted to employees, directors and consultants on March 9, 2006 were \$14,000 classified under the "Deferred exploration expenses" and \$151,200 under "Administration".

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7. CAPITAL STOCK (Cont'd)

b) Stock option plan

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

The fair value of 25,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	4.00%
Expected volatility	71%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 25,000 stock options granted to a consultant on March 23, 2006 were \$2,600 classified under the "Deferred exploration expenses".

The fair value of 10,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	2.98%
Expected volatility	70%
Dividend yield	Nil
Weighted average expected life	1 year

The expenses related to the 10,000 stock options granted to employees, directors and consultants on May 23, 2006 were \$481 classified under the "Deferred exploration expenses".

The fair value of 250,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.75%
Expected volatility	159%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 250,000 stock options granted to a financial consultant on June 12, 2006 were \$24,625 classified under the "Administration".

The fair value of 250,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.75%
Expected volatility	71%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 250,000 stock options granted to a financial consultant on October 30, 2006 were \$22,500 classified under the "Deferred exploration expenses".

The fair value of 50,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	3.98%
Expected volatility	87%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 50,000 stock options granted to an employee on April 2, 2007 were \$2,847 classified under the "Deferred exploration expenses".

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7. CAPITAL STOCK (Cont'd)

b) Stock option plan

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

The fair value of 2,850,000 options was estimated using Black-Scholes option pricing model with the following weighted-average assumptions:

Weighted risk-free interest rate	4.64%
Expected volatility	86%
Dividend yield	Nil
Weighted average expected life	5 years

The expenses related to the 2,850,000 stock options granted to employees, directors and consultants on July 25, 2007 were \$57,382 classified under the "Deferred exploration expenses" and \$306,038 under "Administration".

c) Warrants

	<u>Number of Warrants</u>	<u>Average Exercise Price</u>
	#	\$
Balance at beginning, October 31, 2007 (audited)	31,345,003	0.27
Granted	2,335,062	0.40
Exercised	(14,352,720)	0.25
Expired	<u>(2,913,721)</u>	<u>0.25</u>
Balance at end, January 31, 2008 (unaudited)	<u><u>16,413,624</u></u>	<u><u>0.27</u></u>

The fair value of the warrants issued on June 16, 2006 was estimated to be \$17,600 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	2.75%
Expected volatility	79%
Dividend yield	Nil
Weighted average expected life	2 years

The fair value of the warrants issued on July 26, 2007 was estimated to be \$33,677 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	4.66%
Expected volatility	72%
Dividend yield	Nil
Weighted average expected life	1 year

The fair value of the warrants issued on July 26, 2007 was estimated to be \$20,715 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	4.66%
Expected volatility	72%
Dividend yield	Nil
Weighted average expected life	1 year

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

c) Warrants (cont'd)

The fair value of the warrants issued on October 23, 2007 was estimated to be \$27,099 using the Black-Scholes Pricing model based on the following assumptions:

Weighted risk-free interest rate	4.22%
Expected volatility	95%
Dividend yield	Nil
Weighted average expected life	1 year

8. RELATED PARTY TRANSACTIONS

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

(i) During the period the Corporation retained the services of certain members of the board of directors of the Corporation to carry out work on its exploration projects and for financial consulting services. For the three-month period ended January 31, 2008, the total amount of such services was \$29,000 (2007 - \$42,462).

(ii) Prepaid expenses include an amount of \$1,629 (2007 - \$2,262) representing advances to an officer for upcoming exploration and office expenses.

(iii) The related corporations charged an aggregate amount of \$Nil (2007 - \$7,400) for mining properties and exploration expenditures and \$6,000 (2006 - \$10,500) for financial consulting services.

(iv) The Corporation charged related corporations an aggregate amount of \$114,488 (2007 - \$11,625) for administrative costs and services, shared office expenses and exploration expenditures.

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

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

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

9. SUBSEQUENT EVENT

On March 6, 2008, the Corporation completed a private placement by issuing 8,571,428 units at a price of \$0.35 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of Freewest at a price of \$0.50 for a period one year subject to acceleration in certain events. The common shares and warrants are subject to a hold period expiring on July 7, 2008. In connection with the private placement, Freewest paid a finder's fee consisting of 600,000 common shares at a deemed issue price of \$0.35 per share, representing 7% of the gross proceeds raised under the private placement, and a "finder's warrant" of 857,143 units of Freewest, representing 10 % of the number of units sold in the private placement. The finder's warrant is exercisable at a price of \$0.35 per unit until March 6, 2009. The units issued on the exercise of the finder's warrant will be identical to those issued in the private placement. The finder's warrant may be exercised for one year after the closing of the private placement.

10. COMPARATIVE FIGURES

Certain items in the comparative unaudited interim financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 unaudited interim financial statements.