

TAKARA RESOURCES INC.

Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2008

Dated: November 28, 2008

Introduction

The following is management's discussion and analysis of the financial condition and results of operations of Takara Resources Inc. (the "Company" or "Takara") for the third quarter ended September 30, 2008. This discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2008 and the related notes thereto. Additional information related to the Company can be found on SEDAR at www.sedar.com.

Nature of Operations

Prior to the closing of its qualifying transaction on September 24, 2007, the Company was a capital pool company, whereby its principal business was to identify, evaluate and acquire assets or businesses that would constitute a "Qualifying Transaction" pursuant to the policies of the TSX Venture Exchange Inc. (the "Exchange"). On September 24, 2007 the Company acquired all of the issued and outstanding securities of Takara Resources (B.C.) Inc. (formerly named Takara Resources Inc. and 0754545 B.C. Ltd.), a private company carrying on business as a mineral exploration company, and Takara Resources (B.C.) Inc. became a wholly owned subsidiary of the Company. Accordingly, the consolidated financial statements for the third quarter ended September 30, 2008 include activities of the Company and of Takara Resources (B.C.) Inc.

Takara Resources (B.C.) Inc. was incorporated on April 11, 2006 and its key project was the Kaibab Joint Venture, where Takara and its joint venture partner, DIR Exploration, Inc. ("DIR"), an Arizona Private corporation, have been active in uranium breccia pipe exploration since the late summer of 2006 in the Arizona Strip – situated in the northwestern portion of Arizona.

Since the closing of the Qualifying Transaction, the Company: (i) completed Phase I of its exploration program (preliminary survey work) in respect of its Basket Lake uranium project located in northwestern Ontario; (ii) is continuing with the application process in respect of prospecting rights on properties prospective for coal in South Africa; and (iii) is in the process of completing Phase I of its exploration program on its newly acquired B.C Projects – comprised of various project areas in central interior British Columbia that are prospective for epithermal-style gold and silver mineralization (Big Bar and Baez), prospective for sedimentary exhalative ("SEDEX") Pb-Zn-Ag type deposits along the southernmost extension of the Selwyn Basin (Ospika Project), and that were acquired predominantly on the basis of anomalous Cu and Au stream sediment geochemistry with potential for porphyry-style mineralization (in addition to epithermal-style precious metal mineralization).

Summary of Quarterly Results

	<u>2008 – Three Month Period Ended</u>		
	September 30	June 30	March 31
	2008	2008	2008
Total revenues	\$19	\$259	Nil
Net (loss)	\$(126,895)	\$(252,183)	\$(128,124)
Basic and diluted net loss per share	\$(0.004)	\$(0.008)	\$(0.004)

Results of Operations

As at the third quarter ended September 30, 2008, Takara reported a net loss of \$507,262, compared to \$287,883 for the nine month period ended September 30, 2007. During the three month period ended September 30, 2008, the net loss was \$126,895, compared to \$276,644 for the same three month period ended September 30, 2007 – the difference being attributed to the extraordinary costs associated with the closing of the Company's Qualifying Transaction as at September 24, 2007.

Revenues

The Company had no cash income, other than from interest income generated primarily from sales tax rebate. This income is virtually offset by interest and bank charges. Takara is in the exploration stage and has no revenue from mining operations.

Non-Exploration Expenditures

Nine Month Period Ended September 30, 2008: The Operating expenses for the nine months ended September 30, 2008 totaled \$507,540, and totaled \$291,244 for the same nine month period in 2007. Activities in all areas increased significantly after the Company closed its Qualifying Transaction on September 24, 2007, particularly because of the costs associated with being a fully operational public company.

During the nine month periods ended September 30, 2008, promotion and advertising (\$83,558) (Investor Relations) became a bigger part of the Company's business than what had taken place during the same nine month period ended September 30, 2007 (\$3,718) - as did the associated travel costs (\$41,089 as at September 30, 2008 compared to \$3,352 as at September 30, 2007). Professional fees increased from \$33,581 over the nine month period ended September 30, 2007 to \$80,307 as at the same nine month period ended September 30, 2008. Although several professional fees were incurred as a result of the Qualifying Transaction (that closed September 24, 2007), most were not paid and recorded until subsequent to the quarter ended September 30, 2007, and this accounts for the apparent difference.

Three Month Period Ended September 30, 2008: In comparing the expenses incurred during the three months ended September 30, 2008 with those incurred during the same three month period ended September 30, 2007, the stock based compensation accounts for the largest differences (\$199,492 as at September 30, 2007 and \$15,038 as at September 30, 2008). This is attributed to the value of the stock options granted to the new management and directors upon the closing of the Company's qualifying transaction in September, 2007.

The professional and legal fees for the three months ended September 30, 2007 (\$33,581) and for the three months ended September 30, 2008 (\$36,430) are similar, however, the 2007 figures relate more to legal fees associated with the Qualifying Transaction, and the 2008 figures relate more to accounting services.

In sum, with the exception of stock based compensation, all operating expenses are significantly higher over the three and nine months ended September 30, 2008, primarily because the Company began to operate as a fully operational public company (on a consolidated basis) after the closing of the Qualifying Transaction on September 24, 2007.

Exploration Activities and Expenditures

As at September 30, 2008, the Company had invested a total of \$2,294,759 on its mineral properties, comprised of exploration expenditures, property acquisition fees and property tax/maintenance fees. This is an increase of \$1,149,297 since December 31, 2007.

Kaibab Joint Venture – 612 Lode Mining Claims Prospective for Uranium Breccia Pipes, Arizona

By incurring \$2,000,000 in exploration expenditures on the Kaibab Joint Venture project and issuing 200,000 common shares (issued in 2007) to the Optionors (DIR) on or before August 31, 2009, Takara will earn a 50% interest in all breccia pipe prospects held by the Kaibab Joint Venture. Upon vesting of its 50% ownership interest in the Kaibab Joint Venture, Takara may elect, at its sole discretion, to increase its interest to 90% by agreeing to carry DIR's pro rata exploration and development costs in the joint venture to commercial production.

The Phase II exploration program for the Kaibab Joint Venture is designed to refine up to 30 geological targets for further testing in subsequent rotary downhole hammer and spot coring campaigns. The ongoing Phase II program includes surface geochemical and geophysical surveys (EM, CSAMT, and possible seismic), archaeological surveys, data analysis and modelling, and operations permitting (including environmental assessment report), all of which is anticipated to be followed by drill site preparation, drilling, and reclamation work on selected targets. Phase II is budgeted at approximately \$700,000, however, progress has slowed during the three month period ended September 30, 2008, given the local action taken by the Arizona Coconino County Board of Supervisors (see below) and the current market conditions.

In December, 2007, the operator of the Kaibab Joint Venture submitted to the Tucson Ranger District, Kaibab National Forest, a Drilling Plan of Operation. A permit in this regard has not yet been obtained. Since early February, 2008, when the Arizona Coconino County Board of Supervisors unanimously passed a resolution opposing uranium mining in the vicinity of the Grand Canyon and its watersheds, various parties have become aggressively supportive of that initiative, lobbying to implement a change in the legislation that would have the effect of disallowing mining permits for uranium extraction in several parts of the Grand Canyon region. These matters are currently being investigated, and as at the date hereof, the Company understands that new legislation has not yet been implemented precluding mineral exploration and development in the region.

The focus of the Phase II exploration program during the three month period ended September 30, 2008 has been the drafting of an environmental assessment report in support of the Drilling Plan of Operation.

As at September 30, 2008, an aggregate \$1,284,125 has been invested in the Kaibab Joint Venture, \$1,043,097 of which has been incurred as direct exploration costs (\$374,453 during the nine month period ended September 30, 2008).

Basket Lake Uranium Project– Northwestern Ontario

On November 14, 2007, the Company purchased the Basket Lake project, a property prospective for uranium exploration, located about 60 kilometres southeast of Dryden, Ontario, and comprising 75 mineral claims (300km²). The Basket Lake project was acquired based on a distinct airborne radiometric anomaly that is coincident with a strong, multi-point lake sediment geochemical uranium anomaly defined by a cluster of anomalous values focussed on the claim area. No previous exploration work is known to have been conducted on the Basket Lake property, and much of the area has been recently logged providing new bedrock exposures and excellent access. Takara purchased a 100% in the

Basket Lake project, by paying: (i) reimbursement of staking costs of \$125,000; (ii) \$75,000 in cash on first anniversary of the purchase agreement (due November 14, 2008 but remains unpaid as at the date hereof); and (iii) the issuance of 600,000 common shares, 400,000 of which were issued in December, 2007, and 200,000 are to be issued on the first anniversary of agreement (not issued as at the date hereof). Takara paid a finders fee to a party at arms-length of the Company, of 60,000 common shares, and it has reserved, in favour of the vendors, a yellowcake returns royalty equal to 2 ½ % on all final uranium contained in the uranium concentrate produced from ores derived from the property, subject to a buy back of 1% of the royalty for \$1,000,000 at any time.

On June 19, 2008 Takara announced that 3,000 line kilometre, high-resolution aeromagnetic and radiometric geophysical surveys have been completed at the Basket Lake project. Final results from the high resolution magnetics survey have been delivered and the data is being reviewed; full results and interpretation from the radiometrics survey are pending.

The fixed-wing, High-Resolution Airborne Magnetic (HRAM) survey was completed over the 216 km² property. Preliminary interpretation has identified a series of cross-cutting, linear structural elements, which span the property. Data from the survey will assisted in redefining targeting for future field programs that will include ground prospecting, mapping and sampling.

As at September 30, 2008, an aggregate \$513,754 has been invested in the Basket Lake project, \$291,259 of which was incurred as direct exploration costs (\$282,954 during the nine month period ended September 30, 2008).

Potash project – Alberta

On June 28, 2008 Takara signed an option with Grizzly Diamonds Ltd (TSX-V:GZD) ("Grizzly") to acquire up to a 70% interest in 50,000 acres prospective for potash, located 250 kilometre east-southeast of Calgary, Alberta in a road-accessible stretch along the Saskatchewan border.

Under the terms of the agreement with Grizzly, Takara can earn a 51% in the property by paying \$25,000 cash and issuing 200,000 common shares of Takara upon signing (complete). Additionally, Takara must incur a total of \$2,000,000 in exploration expenditures before September 1, 2009, including one drill hole to test the Prairie Evaporite Horizon.

Takara can thereafter elect to increase its interest in the property to 70% by carrying Grizzly to a bankable feasibility study on or before September 1, 2011.

Takara has initiated a detailed compilation with Grizzly of all historic exploration, including oil and gas drilling, and seismic data for the permits leading to a National Instrument 43-101 ("NI 43-101") technical report. Future plans will be determined once this compilation is complete and analysed.

As at September 30, 2008, a total of \$62,946 has been invested in the Alberta Potash project, mostly all of which are the costs associated with entering into the agreement (issuance of shares and cash payment).

Coal Prospects – South Africa

Over the past year, the Company has been actively evaluating coal projects in South Africa. During the second quarter ended June 30, 2008, the Company submitted to the South African Department of Minerals and Energy applications for prospecting rights in a region that is active in coal exploration and production. Five applications are still pending for acceptance, and as part of this process, the Company

posted ZAR65,000 to a trust account as a guarantee for envisaged potential environmental impacts on the projects applied for.

Takara, together with its partner, Aphrodeities Mining (Pty) Limited, have taken the appropriate steps to proceed in the application process for these five properties, including preparation and submission of an environmental management plan, prospecting work programs, evidence of compliance with the country's black economic empowerment regime and consultation with affected third parties.

As at September 30, 2008, a total of \$93,251 had been invested in respect of evaluating and making applications for coal prospects in South Africa.

British Columbia Opportunities - Epithermal Gold and Lead-Zinc-Silver Sedimentary projects

On August 19, 2008, the Company announced that it had signed an option agreement to acquire a 100% mineral interest in the Big Bar, Baez, Ospika projects and five additional prospective geochemical target properties located in the Central Interior of British Columbia. The Properties have potential to host either epithermal gold-silver mineralization and/or sedimentary exhalative Pb-Ag-Zn mineralization.

Big Bar and Baez Gold-Silver projects - The Big Bar and Baez projects are located approximately 200 kilometres south of Williams Lake and approximately 200 kilometres to the northwest of Williams Lake respectively, both properties are easily accessed by logging roads, together covering an area of approximately 3500 ha. The target type in both areas is epithermal-style gold and silver mineralization. The Central Interior is underlain by an extensive package of Tertiary age bi-modal volcanic rock sequences that share many similarities to similar age rocks throughout the western USA and Mexico. These rock sequences host, or are associated with, low- and high-sulphidation epithermal Au-Ag deposits including the World-Class Coeur D'Alene (Washington: 1.8 Moz Au, 10 Moz Ag), Comstock (Nevada: 8.5 Moz Au, 191 Moz Ag), Guanajuato (Mexico: 4.7 Moz Au, 31 Moz Ag) and Pachuca (Mexico: 7.5 Moz Au, 1.6 Moz Ag) mines.

Ospika lead zinc silver project- The Ospika property is prospective for sedimentary exhalative ("SEDEX") Pb-Zn-Ag type deposits located along the southernmost extension of the Selwyn Basin, which is one of the most prolific sedimentary basins in the world. This property is comprised of Cambrian to Silurian sedimentary sequences including the Gunsteel Formation, which is known to host numerous SEDEX Pb-Zn deposits such as the Cirque (43 Mt with 2.2% Pb, 8.1% Zn, 50 g/t Ag), Akie (12 Mt with 1.5% Pb, 8.6% Zn, and 17 g/t Ag) and Driftpile (18 Mt with 2.3% Pb/Zn) deposits.

Geochemical Targets - An additional five grass roots properties were also optioned and acquired predominantly on the basis of anomalous Cu and Au values in stream sediment samples. The showings and deposit models for each of these properties must be assessed. In addition to epithermal-style precious metal mineralization, there is potential for porphyry-style mineralization. Together, these geochemical targets cover 2,400 ha. They are all located in the Central Interior, northwest of Williams Lake, and are easily accessible by helicopter from major highways and logging roads.

Takara has agreed to option these projects in consideration for: (i) payment of \$15,000 and issuance of 250,000 shares upon signing; (ii) work commitments totalling \$250,000, \$325,000, \$400,000 and \$525,000 by the first, second, third and fourth anniversaries, respectively; (iii) payment of \$25,000, \$30,000 and \$40,000 by the first, second and third anniversaries respectively; and, (iv) issuance of 300,000, 300,000 and 350,000 shares by the first, second and third anniversaries respectively. The vendor will retain a 2% Net Smelter Royalty on each of the properties, with the first 1% purchasable for \$1 million and the final 1% on a right of first refusal.

Takara has undertaken a program of initial prospecting, mapping and sampling, and has commissioned airborne and ground geophysical surveys.

As at September 30, 2008, a total of \$255,052 had been invested in the B.C. Projects, \$232,552 of which are direct exploration expenditures.

Financial Condition

Liquidity and Capital Resources

Working capital as at September 30, 2008 totaled \$451,573.

As at September 30, 2008, the Company had sufficient cash liquidity to carry out its exploration commitments through the end of the fourth quarter ended December 31, 2008.

As an exploration stage company, with a limited revenue stream, the Company budgets exploration and administrative expenses, and closely monitors its burn rate, investments and cash position.

Capital Stock Information

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Board of Directors. The holders of the common shares of the Company shall be entitled to vote at all shareholder meetings and to receive such dividend as the Board of Directors of the Company in their discretion shall declare.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at September 30, 2008:

Common shares: 30,633,030

Incentive Stock Options:

Expiring Date	Outstanding	Exercisable	Exercise Price
November 7, 2009	200,000	200,000	0.35
June 25, 2010	50,000	25,000	0.15
September 24, 2012	1,325,000	1,325,000	0.35
May 6, 2013	50,000	0	0.10
May 6, 2013	300,000	0	0.15
June 25, 2013	800,000	800,000	0.15
Total:	<u>2,725,000</u>	<u>2,350,000</u>	

Warrants:

Expiry Date	Exercise Price	Number of Common Shares
March 18, 2009	\$0.50	3,488,942
March 18, 2009	\$0.35	697,778
June 29, 2009	\$0.25	252,139
Total:		<u>4,438,869</u>

Contractual Obligations

Cash Payments due by Period

Obligation	Total	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years
Basket Lake project	\$75,000 ⁽¹⁾	\$75,000	-	-	-	-

Notes:

(1) In order to maintain the Basket Lake project, the Company must make a cash payment (due November, 2008) of \$75,000. This amount remains unpaid as at the date hereof.

Transactions with Related Parties

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the non-related parties. The related party transactions concluded during the year with directors and companies controlled by them are set out on the balance sheet and the statement of loss and comprehensive loss and deficit and described in the notes to the financial statement in the unaudited consolidated financial statements for the nine and three months ended September 30, 2008.

Outlook

Takara's exploration activities have been described in the Exploration Activities and Expenditures section of this document. Given the Company's limited cash assets and the current state of the markets, the Company has begun to downsize, and to focus only on limited prospects believed to generate the best value. Part of this process is likely to include an ongoing evaluation of various corporate and mineral property transactions, in an effort to adapt favorably with the changing market conditions and commodity prices.

Risks and Uncertainties

Few projects that are explored result into producing mines, and the exploration and development of mineral projects always involves significant risks over an extended period of time, even where a combination of careful evaluation, experience and knowledge are evident. The long-term profitability of the Company's operations will be in part related to the cost and success of its exploration programs, which may be affected by a number of factors out of the Company's control, such as during commodity prices, the availability of skilled personnel, qualified vendors, and critical equipment.

Substantial expenditures are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extracting them, and, if warranted, to develop the mining and

processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, it is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result on profitable mining operations.

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for establishing and maintaining controls and procedures regarding the communication of information about the Company, as well as internal controls over its financial reporting. As required by securities legislation, the Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the controls and procedures regarding communication of information and have concluded these controls and procedures were effective for the three and nine months ended September 30, 2008. In addition, the Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or for causing it to be designed under their supervision. During the third quarter of 2008, all existing systems have been documented and inadequacies have been corrected, as necessary. The Chief Executive Officer and the Chief Financial Officer have evaluated whether there were changes to internal control over financial reporting during the period ended June 30, 2008 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through their evaluation.

Additional Information

Additional information about Takara Resources Inc., including the annual information form, may be obtained from the Company's website at www.takararesources.com or on SEDAR at www.sedar.com.

Forward Looking Statement

"All statements other than those of a historical nature are 'forward-looking statements' that may involve a number of unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements."