

WESTSTAR RESOURCES LTD.

Management Discussion and Analysis For the nine months ended September 30, 2008

The Management Discussion and Analysis (“MD&A”), prepared November 27, 2008, should be read in conjunction with the unaudited interim financial statements and notes thereto for the nine month period ended September 30, 2008 and the audited financial statements for the year ended December 31, 2007 and the notes thereto of Weststar Resources Ltd.. (“Weststar”) which were prepared in accordance with Canadian generally accepted accounting principles.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company common shares were listed for trading on the TSX Venture Exchange (“TSX”) as a junior mineral exploration company on September 19, 2006.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting an exploration program on the Axe Property in British Columbia. The Company has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION PROJECT – AXE PROPERTY

Pursuant to an option agreement dated July 19, 2005, the Company was granted an option to acquire up to a 66% interest in the Axe claims comprised of 119 units situated in the Similkameen Mining District, Province of B.C. As consideration for the property, the Company paid \$5,000.

Under the terms of the agreement the Company is required to spend \$300,000 (spent) in exploration expenses on or before December 31, 2006 and issue up to 200,000 (issued) shares to earn a 51% interest in the claims.

The Company has the option to earn an additional 15% interest in the property by issuing an additional 100,000 (issued) shares and expending an additional \$200,000 (spent) on the property by December 31, 2007.

Pursuant to an agreement dated March 23, 2007, the Company acquired four claims increasing the size of the Axe Property. As consideration for the claims the Company paid \$15,000. The claims are subject to a 2% net smelter royalty and under the terms of the agreement the Company has the right to purchase the net smelter royalty in stages for up to \$3,000,000.

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EXPLORATION PROJECT – 18 METER

The company has entered into an agreement to acquire 72 coal permit applications. The coal lease applications cover approximately 138,240 acres. Under the terms of the agreement the Company has agreed to make the following payments and issue the following shares:

\$150,000 on signing (paid);

\$500,000 and 1,300,000 shares upon regulatory approval;

\$500,000 and 2,000,000 shares six months from the date of regulatory approval;

In addition the coal permit applications are subject to a 2% Net Smelter Royalty (“NSR”). Under the terms of the agreement the Company can purchase the NSR for \$2,000,000. Further the Vendors of the coal permit applications will retain a Flat Rate of Production Royalty (“FRUP”) equal to \$2 per tonne of coal produce or sold from the property. The Company, at its discretion, may reduce the FRUP to \$1 per tonne by paying the Vendors \$2,000,000.

The company is seeking regulatory approval for the acquisition.

Selected Annual Information

	Year Ended December 31, 2007	Year Ended December 31, 2006
Total Revenues	\$ nil	\$ nil
Total Net Income (loss)	(\$643,676)	(\$127,522)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Total assets	1,615,038	682,958
Long term debt	nil	Nil
Dividends	nil	nil

OPERATIONS**Three month period ended September 30, 2008**

During the three months ended September 30, 2008 the Company reported a net loss of \$318,576 (2007 -\$99,468). The major items included in the determination of the operating loss were \$65,259 (2007 - \$43,424) spent on investor communications, and \$180,248 (2007 - \$12,429) in stock-based compensation expense.

Nine month period ended September 30, 2008

During the three months ended September 30, 2008 the Company reported a net loss of \$557,085 (2007 -\$290,977). The major items included in the determination of operating loss were \$153,245 (2007 - \$108,086) spent on investor communications, and \$198,817 (2007 - \$26,699) in stock-based compensation expense.

WESTSTAR RESOURCES LTD.**Management Discussion and Analysis For the nine months ended September 30, 2008****SUMMARY OF QUARTERLY RESULTS (\$000's except earnings per share)**

Results for the eight most recently completed quarters are summarized as follows:

For the Quarter Periods Ending on	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Total Revenues	\$nil	\$nil	\$nil	\$nil
Total Net Income (loss)	(\$318)	(\$188)	(\$52)	(\$64)
Basic (Loss) per share	(\$0.01)	(\$0.009)	(\$0.002)	(\$0.000)

For the Quarter Periods Ending on	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Total Revenues	\$nil	\$ nil	\$ nil	\$ nil
Total Net Income (loss)	(\$291)	(\$192)	(\$97)	(\$40)
Basic (Loss) per share	(\$0.014)	(\$0.009)	(\$0.001)	(\$0.001)

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2008, the Company had working capital of \$573,022 as compared to the year end when the Company had a working capital position of \$189,361

In August 2008, the Company pursuant to a non-brokered private placement issued 3,650,000 units for \$0.12 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at \$0.15 for a period of two years. The Company paid a cash finder's fee of \$33,360 with respect to this financing. All proceeds from the issuance of the units were allocated to share capital and none to warrants.

The Company also received \$218,750 pursuant to the exercise of 1,750,000 stock options.

June 30 2008	Mar 31 2008	Dec 30 2007	Sept 30 2007	June 31 2007	Mar 31 2007	Dec 30 2006	Sept 30 2006	
Revenue Net								
Loss	\$ - (188)	\$ -(52)	\$ -(64)	\$ -(\$291)	\$ -(\$ 192)	\$ -(\$ 97)	\$ -(\$ 40)	\$ -(\$ 47)

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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	For the nine months ended September 30, 2008	For the nine months ended September 30, 2007
Management fees	\$ 65,000	\$ 45,000
Rent	10,000	22,500
Professional fees	12,293	13,600
Total	\$ 87,293	\$ 81,100

These charges were measured by the exchange amount, which is the amount agreed upon by the related parties.

SUBSEQUENT EVENTS

The flow-through placement will close simultaneously upon TSX Venture Exchange approval of the company's acquisition of the Saskatchewan coal permit applications also announced in Stockwatch on June 23, 2008. Pursuant to the policies of the TSX Venture Exchange, the acquisition will require a 43-101 property report. The company has engaged Mitchell Geological Services Inc. to author the report and it is expected to be available by December 2008.

CRITICAL ACCOUNTING POLICIESStock-based Compensation

The Company has a stock-based compensation plan. The fair value of all share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of the grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Financial Instruments

Effective July 1, 2007, the Company adopted the following new accounting standards issued by the CICA relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements as their adoption resulted in only nominal differences.

Recognition and Measurement (CICA Handbook Section 3855)

This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair

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value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations or comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earning in the period in which they arise.

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Cash has been classified as held-for-trading.
- Receivables have been classified as loans and receivables.
- Accounts payable and accrued liabilities have been classified as other financial liabilities.
- Loans payable and notes payable are classified as held-to-maturity and are measured at amortized costs. Deferred financing costs relating to the issuance of detachable warrants with loans are presented as a discount to the loan value and accreted over the term of the loan to net loss.

Hedging (CICA Handbook Section 3865)

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

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Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a financial statement that is displayed with the same prominence as the other financial statements.

Accordingly, the Company reports comprehensive income with the consolidated statement of operations and includes the account "accumulated other comprehensive income" on the consolidated statement of shareholders' equity and in the shareholders' deficiency section of the consolidated balance sheet.

ADDITIONAL INFORMATION

The current outstanding share capital of the Company is:

Balance, September 30, 2008	27,226,690	\$ 2 653 326
Shares issued	1,010,000	252,500
Balance, November 27, 2008	28,236,690	\$ 2,905,826

DISCLOSURE CONTROLS

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, is made known to management, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the six month period ended September 30, 2008 in accordance with Canadian Generally Accepted Accounting Principles. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at September 30, 2008. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these controls and procedures were effective.