Management's Discussion and Analysis

Gold Hawk Resources Inc.

For the Year Ended December 31, 2010

Contents

Management Discussion and Analysis

The following management's discussion and analysis of financial conditions and result of operations (the "MD&A"), has been prepared by management and provides a review of the activities, results of operations and financial condition of Gold Hawk Resources (the "Company" or "Gold Hawk"). This discussion dated March 30, 2011 complements and supplements the Company's audited consolidated Financial Statements and associated notes for the year ended December 31, 2010, and should be read in conjunction with the consolidated audited Financial Statements for the year ended December 31, 2009 and related MD&A. Please also refer to the cautionary statement of forward-looking information at the end of this document.

The Company's consolidated Financial Statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as fully described in Note 2 of the December 31, 2010 audited consolidated financial statements, and reported in Canadian dollars unless otherwise noted.

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.goldhawkresources.com.

1. COMPANY OVERVIEW

Gold Hawk Resources Inc. is a development stage company incorporated under the Canada Business Corporations Act, and a reporting issuer under the jurisdiction of British Columbia, and it is listed on the TSX Venture Exchange (TSX-V) under the trading symbol GHK. The Company is involved in the acquisition, exploration, development and exploitation of mineral resource projects.

In the third quarter, the Company acquired the Oracle Ridge copper project located in Arizona, USA. The company has initiated the process of completing a NI 43-101 compliant report on reserves and resources and plans to bring the mine back into production. Gold Hawk also owns a 640 hectare mining concession at the Barry-Souart property northeast of Val d'Or in the Province of Quebec.

2. 2010 HIGHLIGHTS

- On July 7, the Company sold its remaining 15% interest in the operating subsidiary of the Coricancha Mine in Peru for US$4,425,000.
- On September 28, Gold Hawk purchased the shares of 0830438 B.C. Ltd. ("Oracle Ridge") for 11,200,000 shares of the Company. Oracle Ridge's wholly owned US subsidiary, Oracle Ridge Mining LLC has the necessary property and surface rights required to explore, rebuild and operate the past producing Oracle Ridge Copper Mine located near Tucson, Arizona. The Company has commenced environmental baseline studies and permitting for the project in addition to a drilling program designed to validate the existing data.
- On November 8, the Company closed a private placement for 6,000,000 common shares at a subscription price of $1.25 per common share ("Private Placement"), for aggregate proceeds of $7.5 million. The Private Placement was fully subscribed to by Coalcorp Mining Inc. ("Coalcorp"). As a result of the Private Placement, Coalcorp now owns approximately 19.2% of the Company's issued and outstanding common shares.

3. MINE DEVELOPMENT

Acquisition of Oracle Ridge copper project

On September 28, 2010, the Company completed the acquisition of the Oracle Ridge copper property which is located in the Santa Catalina Mountains north of Tucson, Arizona. The property is the site of the previously operated Oracle Ridge copper mine. The necessary mineral rights have been secured by way of purchase and by the lease of 903 acres of adjacent property surface rights. In addition, the Company has acquired 353 acres of existing tailings and adjacent property that it intends to use as its tailings facility upon re-start of mining operations.

Under Canadian GAAP, the transaction has been accounted for as an acquisition of assets and the assumption of liabilities of Oracle Ridge by the Company. In consideration for the acquisition, the Company issued 11,200,000 common shares, which have been valued at $1.33 per share, the share price of the Company on the closing date of the acquisition.

As disclosed in the consolidated year-end financial statements, the purchase consideration has been allocated to the assets acquired and the liabilities assumed based on management's best estimates.

The purchase price allocation is as follows:

(In thousands of Canadian dollars)	
Shares issued upon acquisition	$ 14,896
Transaction costs	333
Purchase consideration	**$ 15,229**
Cash and cash equivalents	15
Prepaids	8
Mineral properties, plant and equipment	31,644
Accounts payable and accrued liabilities	(917)
Other current liabilities	(558)
Promissory notes payable	(4,215)
Future income tax liability	(10,262)
Other long-term liability	(486)
	$ 15,229

Permitting and Regulatory Programs

In November 2010, TetraTech, a U.S.-based company specializing in consulting, engineering, and technical services worldwide, was awarded a contract to complete environmental baseline studies and permitting for the Oracle Ridge copper project. TetraTech has extensive experience in National Environmental Policy Act (NEPA); air, storm water and aquifer protection permitting; and, the public process.

The regulatory process for the Oracle Ridge copper project includes federal, state and county jurisdictions. Biological, archaeological, hydrological and storm water characterization, waste rock and tailings characterization, and air quality analysis will be systematically studied to support the requisite permit regime. Several of these involve baseline studies for determining any potential impacts from the reactivation of this previously producing mine. The results of the waste characterization of the reclaimed tailings and waste rock were favorable and verified that the waste rock and tailings are non-acid generating and synthetic precipitation leaching procedure results were all below established water quality standards.

Processing and Tailings Design

Subsequent to year-end, Lyntek Inc. of Denver Colorado was awarded a contract to produce an engineering, design and capital cost study for a 2,000 tons-per-day flotation concentrator, tailings design and related surface facilities. Geotechnical drilling has been completed on the proposed tailings and plant sites, and underground samples have been taken for testing. Metallurgical samples will be obtained from the current drilling program for process design and flowsheet development.

NI 43-101 Validation Drilling – Phase 1

Subsequent to year-end, Oracle Ridge awarded Major Drilling Environmental LLC of Little Falls, Minnesota the Phase 1 surface drilling program. The drill program is for an initial 15,000 feet designed to validate the existing drill hole data. Phase 1 drill core assay results will be compared against and used to verify the historic data and to complete a new NI 43-101 compliant technical report on reserves and resources. The drill program began in mid-February 2011. Five core holes have been drilled to-date with core in the process of being logged, split and sent for assaying. Continuous 24/7 drilling shifts have begun to make up for a slow start due to abnormally cold weather in February causing waterline freezing. Skyline Assayer and Laboratories, an accredited laboratory in Tucson, Arizona, has been contracted to complete all sample preparation and assaying. Preliminary assays are expected in late March-early April and will be disclosed following quality assurance and analysis by the Company.

The Company incurred the following exploration and development costs on the project:

Technical and environmental studies	$	206
Site and safety services		102
Drilling		26
General and administrative		224
	$	558

Selected Annual Information

In thousands of Canadian Dollars except for per share amounts	**2010**	**2009**	**2008**
Sales	-	-	5,993
Net income (loss) before extraordinary items	3,012	10,253	(13,965)
Basic gain (loss) per share	*0.18*	*0.87*	*(1.78)*
Diluted gain (loss) per share	*0.18*	*0.87*	*(1.78)*
Extraordinary loss	-	-	(15,416)
Net income (loss) for the period	3,012	10,253	(29,381)
Basic gain (loss) per share	*0.18*	*0.87*	*(3.74)*
Diluted gain (loss) per share	*0.18*	*0.87*	*(3.74)*
Total assets	57,895	15,436	43,730
Total Liabilities	15,506	524	45,098

4. REVIEW OF ANNUAL FINANCIAL RESULTS

Net income has decreased by $7.3 million from $10.3 million in 2009 to $3.0 million in 2010. Net income in the prior year was primarily driven by the gain on dilution of $26.2 million derived from the sale of an 85% interest in the Company's operating subsidiary Compania Minera San Juan (Peru) ("CMSJ"). Net income in the current year is primarily derived from the gain of $4.6 million on the sale of the Company's remaining 15% interest in CMSJ and a $3.0 million gain on the sale of marketable securities. These gains were partially offset by $3.3 million in general and administrative expenses and $1.3 million in stock-based compensation expense.

As at December 31, 2010, total assets were $57.9 million compared to $15.4 million as at December 31, 2009. The increase is primarily attributed to an increase in the level of cash and cash equivalents of $11.8 million and the acquisition of the Oracle Ridge copper project. The increase in cash and cash equivalents resulted from the following: the receipt of net proceeds of $7.0 million from the private placement in November, receipt of net proceeds of $4.8 million from the sale of marketable securities and receipt of net proceeds of $4.6 million from the sale of the Company's 15% interest in CMSJ. These proceeds were offset by cash used in operating activities of $3.6 million.

As at December 31, 2010, total liabilities were $15.5 million compared to $0.5 million as at December 31, 2009, representing an increase of $15.0 million. The increase is primarily attributed to liabilities assumed on the acquisition of the Oracle Ridge copper project, which includes promissory notes payable of approximately $3.1 million (US$ 3.2 million) and a future income tax liability of $9.9 million.

Summary of Quarterly Results

The following table presents our quarterly results of operations for each of the last eight quarters.

In thousands of Canadian Dollars except for per share amounts	**Dec 31, 2010**	**Sep 30, 2010**	**Jun 30, 2010**	**Mar 31, 2010**	**Dec 31, 2009**	**Sept 30, 2009**	**June 30, 2009**	**Mar 31, 2009**
Interest income	23	16	12	12	4	1	1	-
Net (loss) income	(291)	4,537	(2,040)	806	25,268	(4,649)	(8,263)	(2,103)
Basic and diluted gain (loss) per share	(0.01)	0.34	(0.16)	0.06	2.37	(0.50)	(0.75)	(0.25)

Net loss for the three months ended December 31, 2010 was $0.3 million compared to net income of $25.3 million for the same period in 2009. The $25.6 million decrease in earnings was primarily driven by the gain on dilution of $26.2 million derived from the sale of an 85% interest in CMSJ recorded in the fourth quarter of 2009.

Significant expenses in Q4 2010 include stock-based compensation expense of $0.7 million and general and administrative expenses of $1.5 million (2009 - $0.9 million).

5. OUTLOOK

With the completion of the acquisition of the Oracle Ridge copper mine, Gold Hawk has delivered on the Board's and Management's strategic goal of finding a producing or near-producing asset. The Company has begun the development process that will lead to reopening the mine for operations. Major steps in the development process include preparation of a NI 43-101 compliant report outlining reserves and resources, preparation of an economic feasibility study, obtaining regulatory permits and approvals for operation, rehabilitating the mine, constructing processing facilities and obtaining mining equipment.

Management continues to evaluate additional investment opportunities that will deliver value to Gold Hawk's shareholders by combining its assets of cash, an experienced mine operations team and a near-producing asset with a company or project that has a quality producing or near-producing mining property. It is Gold Hawk's intention to become a builder and consolidator in the mining industry, with the immediate focus on the Oracle Ridge copper project.

6. RISKS AND UNCERTAINTIES

Continuing operations

At December 31, 2010 the Company had cash and cash equivalents of $25.3 million, working capital of $22.5 million, and long-term debt of $2.6 million. Future financial needs and the continuity of the entity as a going concern will be dependent on the Company's ability to develop the Oracle Ridge copper property into a profitable operating mine. The Company's current working capital is sufficient to fund operations for the next 12 months, however, the Company will require significant funding in the future to complete development of the Oracle Ridge copper project.

Industry and economic factors affecting the Company's performance

a) Exploration and development

The business of exploration and development for minerals and mining involves a high degree of risk. Few exploration properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment, or labour are other risks involved in the conduct of exploration programs. The Company from time to time augments its internal exploration and operating expertise with advice from consultants and others as required. The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

b) Titles to property

While the Company has diligently investigated title to the various properties in which it has an interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer or native or government land claims, and title may be affected by undetected defects.

c) Permits and licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects.

d) Metal prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The effect of these factors cannot be accurately predicted.

e) Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

f) Environmental regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards in which enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

g) Conflicts of interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

h) Stage of development

The Company does not have a history of earnings or the provision of return on investment, and in the future there is no assurance that it will produce revenue, operate profitably, or provide a return on investment.

i) Industry conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls, or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

j) Uninsured hazards

Hazards, such as unusual geological conditions, are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards, which cannot be insured against, or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company assets or the insolvency of the Company.

k) Future financing

Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

l) Key employees

Management of the Company rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.

7. LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern. The Company's future liquidity will depend upon its ability to develop and finance future profitable business opportunities.

In thousands of Canadian dollars	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007
Cash and cash equivalents	$ 25,269	$ 13,485	$ 86	$ 2,263
Restricted cash	-	-	58	145
Working capital	22,501	14,886	(21,502)	(329)

Cash and cash equivalents as at December 31, 2010 were $25.3 million compared to $13.5 million as at December 31, 2009. The increase in cash on hand was primarily due to the following: net proceeds of $7.0 million from private placement in November 2010, proceeds of $1.3 million from exercised options and warrants during the year, sale of the Company's remaining 15% interest in CMSJ for proceeds of $4.6 million, and a gain on sale of investments of approximately $3.0 million dollars.

Working capital was $22.5 million as at December 31, 2010, as compared to a working capital of $13.5 million as at December 31, 2009. The increase in working capital is mainly due to the proceeds of the above mentioned transactions.

Cash on hand as at March 30, 2011 and expected cash flows for the next 12 months are sufficient to fund the Company's ongoing operational needs.

Investing activities

During the year, the Company sold its remaining 15% interest in CMSJ for net proceeds of $4.6 million. The Company also sold its remaining marketable investments for total net proceeds of $3.0 million. Approximately $0.7 million was invested in equipment, exploration and development expenditures.

Financing activities

During the year ended December 31, 2010, the Company received net proceeds of $7.0 million in a non-brokered private placement and net proceeds of $1.3 million from the exercise of stock options and warrants. The Company paid approximately $1.0 million in principle owing on the promissory notes payable to the vendor of the Oracle Ridge property.

Contingencies, commitments and liabilities

As at December 31, 2010 the anticipated cash payments required to satisfy the Company's commitments and liabilities are as follows:

In thousands of Canadian dollars	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	$ 1,978	$ 1,978	-	-	-
Promissory notes payable	3,381	995	2,386	-	-
Other long term liability	591		591	-	-
Other lease commitments	396	198	198	-	-
Total	**$ 6,346**	**$ 3,171**	**$ 3,175**	**-**	**-**

Promissory Notes Payable

As part of the acquisition of Oracle Ridge, the Company assumed promissory notes payable in US dollars that were secured by the Oracle Ridge copper property. The schedule of the US dollar principle payment amounts and maturity dates of the notes as at December 31, 2010 are as follows:

Principle (U.S Dollars)	Maturity Date
$500,000	May 2, 2011 [1]
$500,000	October 31, 2011 [1]
$500,000	April 27, 2012 [1]
$806,500	October 21, 2012 [1]
$500,000	October 21, 2013 [2]
$2,806,500	

[1] The notes bear interest until repaid at 8% per annum and interest is not payable until October 21, 2012.
[2] The note bears interest at 8% per annum and the interest is payable when the note comes due on October 21, 2013.

Other Long term liability

As part of the acquisition of Oracle Ridge, the Company assumed an obligation to construct a roadway on the property and committed to spend a minimum amount of US$500,000 in the realization of this project. If the Company is unable to complete the construction of the road by June 2011, the Company is still liable for the US$500,000 and this amount will be added to the principle of the Company's 2013 promissory notes payable and will be come due in October 2013. Interest of 8% per annum on the note does not start to accrue until June 2011 and is payable when the note comes due in October 2013.

Letter of Credit

During the year, the Company had a US$12.5 million standby credit facility with an interest rate of 12.5% and paid US$90,000 in fees during the year to maintain this credit facility. The Company did not draw down on the credit facility and the credit facility was terminated on December 9, 2010.

Oracle Ridge

As part of the share purchase agreement for Oracle Ridge, there is a clause whereby if the seller of Oracle Ridge is required to pay U.S. federal capital tax at a higher rate than 15%, the Company is required to offset the cost of the additional tax up to the equivalent of a U.S. federal capital tax rate of 25%, or US$470,800. U.S. federal capital tax rates have been frozen at 15% through December 31, 2012; therefore no additional taxes will be owed by the seller on the 2012 promissory notes payable. It is uncertain as to whether U.S. federal capital taxes will be raised in 2013 and therefore any additional consideration in relation to the 2013 notes is not determinable at this time.

Off-Balance Sheet Arrangements

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

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, other current liabilities, promissory notes payable and other long-term liabilities. The Company has exposures to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principle financial risks to which the Company is exposed are interest rate risk, foreign currency risk, credit risk and liquidity risk.

In management's opinion, the Company is not exposed to significant interest rate or credit risk arising from these financial instruments, with the exception of promissory notes denominated in US dollars, on which the Company could be exposed to a foreign exchange risk. The Company also has cash and certain liabilities denominated in US dollars. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. At December 31, 2010, with other variables unchanged, a 10% change in the US dollar/Canadian dollar exchange rate would impact pre-tax earnings by $0.2 million.

Transaction with Related Parties

During the year ended December 31, 2010, the Company paid $0.3 million in advisory fees to various directors of the Company. These transactions were incurred in the normal course of business and are measured at the exchange amount which was the consideration established and agreed to by the related parties.

Capitalization

As at March 30, 2011, the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	Shares and Potential Shares
Common shares outstanding	31,262,170
Stock options (average exercise price $2.40)	2,807,000
Warrants (average exercise price $2.02)	923,800
Total common shares and potential common shares	34,992,970

On March 24, 2011, the Company granted 750,000 stock options to directors and consultants, exercisable for a period of five years at a price of$1.90 per share.

8. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

There have been no changes in the Company’s internal control over financial reporting during the year ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. Subsequent to the end of the year, the Company appointed a new Chief Financial Officer.

9. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

These audited consolidated financial statements are prepared in accordance with Canadian GAAP. The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Certain of our accounting policies are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Our critical accounting policies and estimates relate to:

- Recoverability of long-lived assets including mineral properties and deferred exploration expenditures;
- Depreciation and depletion of mineral properties, plant and equipment;
- Stock based compensation and other stock-based payments
- Future income taxes; and,
- Accrued and contingent liabilities.

For a summary of significant accounting policies, please refer to Note 2 of the financial statements.

Management believes it has made estimates that best reflect the facts and circumstances, however, actual results may differ from estimates.

10. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Company will issue its first annual and interim consolidated financial statements prepared under IFRS for its fiscal year ended December 31, 2011 and three months ended March 31, 2011, respectively, with restatement of comparative information presented.
The Company has developed an IFRS changeover plan which addresses the key areas such as accounting policies, financial reporting, disclosure controls and procedures, information systems, education and training and other business activities.

The Company commenced its IFRS conversion project during the third quarter of 2010 and has established a conversion plan and an IFRS project team. The IFRS conversion project is comprised of three phases: 1) project planning, scoping and preliminary impact analysis; 2) detailed diagnostics and evaluation of financial impacts, selection of accounting policies, and design of operational and business processes; and 3) implementation and review.

The Company is in the final phase of its conversion plan and has completed:

- a detailed analysis of the standards, including the evaluation of policy choices for those standards that may have an impact on its financial statements, business processes and systems; and,

- IFRS accounting policies and disclosure controls and procedures have been reviewed and approved

The Company is in the final phase of its conversion plan and has in progress:

- quantification of financial statement impacts and finalization of our opening balance sheet as at January 1, 2010; and,
- the implementation of changes to the reporting and system processes to support preparation of the IFRS.

Management has made significant progress in quantifying the financial statement of key differences between the Company's current accounting policies under Canadian GAAP and those it expects to apply in preparing it first set of IFRS financial statements. Although certain differences have been quantified, some uncertainty exists regarding other unquantified differences. These uncertainties are currently under review and will be addressed prior to the release of the March 31, 2011 quarterly financial statements.

The Company is currently finalizing the quantification of its remaining differences between Canadian GAAP and IFRS for purposes of its interim consolidated financial statements for the three months ending March 31, 2011. The Company is continuing to monitor developments in standards and interpretations of standards and industry practices. Due to anticipated changes to IFRS and International Accounting Standards prior to the adoption of IFRS, management's plan is subject to changed based on new facts and circumstances that arise. Management expects to complete its first interim consolidated financial statements prepared under IFRS for the quarter ended March 31, 2011 with no significant issues or delays.

The following list, though not exhaustive, identifies some of the changes in key accounting policies due to adoption of IFRS:

Standards	**Differences from GAAP**	**Potential Impact**
First-time Adoption of IFRS (IFRS 1)	IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application of IFRS. With regards to the IFRS transition, the Company continues to analyze the optional exemptions available under IFRS 1.	The adoption of certain exemptions will impact the January 1, 2010 opening balance sheet adjustments. The effects of the adoption of these exemptions are discussed in the relevant sections below.
Impairment of Long-lived Assets (IAS 36)	When indications of impairment are identified, IFRS requires the assessment of asset impairment to be based on a comparison to the carrying amount of the estimated recoverable amount of the assets using discounted cash flows. Canadian GAAP only requires discounting if the carrying amount of assets exceeds the undiscounted cash flows expected to be	The Company does not expect that the Canadian GAAP/IFRS accounting difference regarding the calculation of impairment of the long-lived asset will have a material effect on its opening balance sheet.

	generated by those assets. This may result in impairments under IFRS where they do not exist under Canadian GAAP. IFRS also requires the reversal of any previous asset impairments, excluding goodwill, where circumstances have changed. GAAP prohibits the reversal of impairment losses.	
Functional Currency (IAS 21)	IFRS IAS 21 requires the Company to determine any translation differences applicable to translating foreign subsidiaries in accordance with IFRS from the date on which a foreign subsidiary was formed or acquired.	IFRS 1 provides an exemption that allows a Company to reset its cumulative translation account to zero at the date of transition to IFRS, with balances being transferred to opening retained earnings. The Company has elected to take this exemption.
Borrowing Costs (IAS 23)	IAS 23 does not allow the expensing of borrowing costs, to the extent that they are directly attributable to acquisition, production and construction of a qualifying asset. IFRS1 provides an optional exemption for first-time adopters to select any date on or before the FIRS transition date to adopt IAS23.	The Company has elected to adopt the IFRS 1 exemption to apply IAS23 only on a prospective basis effective January 1, 2010. The Company does not expect this standard to have an effect on its opening balance sheet.
Stock-based Compensation (IFRS 2)	IFRS requires the fair value of stock options to be recognized using the graded vesting method, whereas Canadian GAAP allows the straight-line method or the graded vesting method to be used. An optional exemption is available under IFRS 1, where a first-time adopter is not required to apply IFRS 2 to share-based payments that vested before the date of transition of January 1, 2010.	The Company does not expect the adoption of this standard to have a material effect on the aggregate fair value of stock options. However, the Company does expect that the the use of the graded vesting method will result in the earlier recognition of stock-based compensation under IFRS as compared to Canadian GAAP. The Company has elected to adopt the IFRS 1 exemption to avoid retrospective application of IFRS 2 for stock options that vested prior to January 1, 2010.

Accounting policies changes

For new accounting pronouncements adopted and future, please refer to Note 3 to the consolidated financial statements.

11. FORWARD-LOOKING INFORMATION

This document may contain "forward-looking statements" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. Forward-looking statements relate to future events or future performance and reflect management of the Company's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.