Management's Discussion and Analysis

Gold Hawk Resources Inc.

For the Three Months Ended March 31, 2009

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Gold Hawk Resources Inc.
For the three months period ending March 31, 2009

Management Discussion and Analysis

This management's discussion and analysis ("MD&A") relates to the financial condition and results of the operations of Gold Hawk Resources Inc. and its wholly owned subsidiaries. The intent of this document is to allow readers to assess material changes in the financial and operating performance as at and for the three months ended March 31, 2009, in comparison with prior-year periods.

This discussion dated June 4, 2009 complements and supplements the Company's unaudited interim consolidated Financial Statements and associated notes for the three months ended March 31, 2009, and should be read in conjunction with the annual audited Financial Statements for the year ended December 31, 2008 and related MD&A which are available at the Company's web site at www.goldhawkresources.com and on www.sedar.com. 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 1 of the March 31, 2009 unaudited consolidated financial statements, and reported in Canadian dollars unless otherwise noted.

1. COMPANY OVERVIEW

Gold Hawk is a precious and base metals producer with reserves and resources containing gold, silver, lead, zinc and copper. The Company operates the Coricancha Mine in Peru through its wholly-owned subsidiary Compañía Minera San Juan (Peru) S.A. Subsequent to its acquisition in March 2006, the mine, which has a processing capacity of 600 hundred tonnes a day, attained commercial production status on October 1, 2007.

In early May 2008, the Company temporarily ceased production after detecting a ground displacement in the area where the processing plant and the tailing handling facilities are located. Subsequent technical studies determined that the main cause of the movement was a third-party saturation irrigation system installed on a neighbouring uphill the property. On July 18, 2008, after assessing the risk created by the saturation irrigation of the hillside, the Presidential Council of Ministers of Peru (the "Government") issued an Emergency Decree declaring a State of Emergency in the area. Among other cautionary measures, the Decree required moving the tailings to new facilities, the stabilization of the hillside and the relocation of the processing plant. The original Decree, which expired after 60 days, has subsequently been extended four times. The required actions section of the Decree has been subsequently modified to indicate that, upon implementation of some mitigation measures recommended by a report prepared by the Geological Institute, the relocation of the plant will no longer be required. Since these recommendations are currently being implemented, management believes the plant will be allowed to operate at its current location once the new tailing facilities are ready.

The Company is complying with all required remediation as recommended by a third-party consultant appointed by the Government and is in discussions with the Government for relief from the requirement to relocate the processing plant. Mitigation work to drain the hillside has been successful with measurements showing decreasing ground movement to a rate that is no longer detectable by instrumentation.

The Company is currently pursuing insurance claims associated with business interruption and property affected by the ground displacement. During the first quarter of 2009, the Company received the final permit for the construction of its new permanent tailings facility at Chinchan and negotiated a restructured loan agreement with one of its lenders to provide the Company with US$2.0 million of new funds, repay the existing bank debt and restructure all of the loans under one new US$13.0 million loan facility with a repayment date of February 13, 2010. The restructured loan was completed subsequent to March 31, 2009. Gold Hawk received the net proceeds of the loan in February, 2009.

With receipt of its final permit to construct a new permanent tailings facility at Chinchan and all other operational permits in place, and assuming no relocation of the processing plant, the Company foresees a return to production in the latter part of 2009.

In addition to organic exploration potential at its Coricancha Property, the Company also has exploration properties in Peru and Canada (Quebec), and although these properties have been previously written off, management continues to pursue joint venture partners to continue exploration and development of the properties.

The Company's financial statements have been prepared on the basis of a going concern; however, continuous operations and future liquidity will depend upon its ability to arrange additional debt or equity financing, and upon its ability to generate future positive operating cash flow. Please refer to the Liquidity and Capital Resources section on page 7 of this MD&A.

Gold Hawk Resources Inc. is listed on the TSX Venture Exchange under the symbol CGK.

2. FIRST QUARTER 2009 HIGHLIGHTS

Major highlights and developments during the first quarter of 2009 included:

- Receiving final construction permit for new tailing facilities;
- Receiving US$2.0 million advance of new funds related to new US$13.0 million loan facility;
- Completing and submitting an environmental impact assessment study (EIA) for the new tailing facilities and receipt of construction permit;
- Completing a $1.0 million private placement financing in March;
- Updating mineral resources and reserve estimates for the re-start of the Coricancha Mine (43-101 compliant technical report); and
- Receiving a value-added tax refund of approximately US$700,000 from the tax authorities in Peru.

Subsequent to March 31, 2009 the Company:

- Completed a non-brokered private placement for 25,050,000 units at a price of $0.05 per unit for proceeds of $1,252,500. Each unit is comprised of one common share and one 12-month share purchase warrant at $0.07; and
- Signed a new loan agreement with its lender in connection with the Company's US$13.0 million restructured loan facility.

3. OPERATIONS UPDATE

There were no mining operating activities during the first quarter 2009. The Company's Coricancha Mine, located in Peru, was kept on a care and maintenance basis throughout the quarter. Activities at the site consisted of effluent treatment to ensure compliance with regulatory requirements and permits, security of the assets and continued monitoring of the various facets of the facility.

4. RESERVES AND RESOURCES

The Company released its most recent update of mineral reserve and mineral resource estimates for the Coricancha Mine as at March 30, 2009. The report, entitled "Technical Report on Re-start of the Coricancha Mine, Peru", was completed by Tetra Tech of Golden, Colorado. This report is filed on SEDAR (www.sedar.com) and on the Company's website at www.goldhawkresources.com.

Following is a summary of the mineral reserve and resource estimates as at March 30, 2009 for the Coricancha Mine:

GOLD HAWK RESOURCES INC. – CORICANCHA PROJECT
Total Proven and Probable Diluted Mineral Reserve
March 2009

Resource Class	Tonnes	Au g/t	Ag g/t	Pb %	Zn %	Cu %
Proven	325,157	4.83	166.79	2.18	2.72	0.34
Probable	133,277	4.73	180.37	2.10	3.19	0.35
Total Mineral Reserve	**458,434**	**4.80**	**170.74**	**2.16**	**2.86**	**0.34**

Total Measured and Indicated Mineral Resources
March 2009

Resource Class	Tonnes	Au g/t	Ag g/t	Pb %	Zn %	Cu %
Measured	486,582	6.43	187.93	2.50	3.27	0.39
Indicated	211,736	6.35	191.45	2.28	3.48	0.42
Total Mineral Resource	**698,318**	**6.41**	**189.00**	**2.43**	**3.33**	**0.40**

Total Inferred Mineral Resources
March 2009

Vein	Tonnes	Au g/t	Ag g/t	Pb %	Zn %	Cu %
Constancia Vein	1,447,400	6.28	185.38	3.61	3.79	0.36
Wellington Vein	744,900	6.94	228.92	2.39	3.94	0.58
Escondida	193,700	4.85	282.11	2.92	3.85	0.43
San Jose	63,000	3.95	139.03	11.14	0.10	0.10
Colquipallana	170,300	9.49	219.28	3.59	4.10	0.00
Animas	907,400	2.36	457.53	0.30	0.48	0.11
Rocio	384,500	3.67	174.18	2.19	4.94	0.60
Total Inferred Resources	**3,911,200**	**6.50**	**261.23**	**2.56**	**3.12**	**0.35**

5. EXPLORATION

During the first quarter, the Company did not advance its exploration program due to cost-control measures implemented as a result of the suspension of operations. The Company remains committed to its primary exploration target in the lower area of the mine at the 3,140 metre level. The Constancia vein in the higher levels of the mine appears to have the same geological trend and mineralogical composition as the newly discovered vein on the 3,140 metre level. There is a high probability that the 3,140 metre level vein is in fact the downward extension of the Constancia Vein. The Company believes that there would be a significant increase in the total mineral resources by projecting the Constancia vein down to the 3,140 metre level and extending southward along strike to the property boundary. In addition, the vein is open at depth below the 3,140 metre level.

6. RESULTS FROM OPERATIONS

Production results during the first quarter of 2009 are summarized as follows:

For the Quarter Ended	Mar 31, 2009	Dec 31, 2008	Sept 30, 2008	June 30, 2008*
Ore processed/tonnes milled	-	-	-	15,587
Average tonnes milled per day	-	-	-	410
Average gold grade (grams/tonne)	-	-	-	3.06
Gold recovery (%)	-	-	-	43
Gold ounces produced	-	-	-	653
Average silver grade (grams/tonne)	-	-	-	91
Silver recovery (%)	-	-	-	79
Silver ounces produced	-	-	-	35,946
Pounds of lead produced	-	-	-	390,120
Pounds of zinc produced	-	-	-	468,016

* For the 3 months ended June 30, 2008, production ceased on May 8.

For the quarter ended March 31, 2009, the Company did not realize any revenues or operating costs due to the suspension of mining operations. Site care and maintenance costs totalled $594,291 and non-cash expenses included depreciation of $450,154 (Q1, 2008 $1,075,529 including depletion) and accretion of asset retirement obligation of $891,110 (Q1, 2008 $258,510).

Summary of Quarterly Results

The following table presents our quarterly results of operations for each of the last eight quarters. The Company's interim consolidated financial statements are prepared in accordance with Canadian GAAP. All figures are in thousands of Canadian dollars except gain (loss) per share:

	Mar 31, 2009	Dec 31, 2008	Sept 30, 2008	June 30, 2008*	Mar 31, 2008	Dec 31, 2007	Sept 30, 2007	June 30, 2007
Sales revenue - $	-	-	-	3,289	2,704	1,666	-	-
Interest income - $	-	2	5	4	11	58	65	50
Net loss before extraordinary loss - $	(2,103)	(599)	(1,792)	(7,843)	(3,731)	(3,199)	(3,568)	(4,795)
Basic and diluted loss per share - $	(0.01)	-	(0.01)	(0.05)	(0.02)	(0.02)	(0.02)	-
Extraordinary gain (loss) - $	-	(4,002)	2,084	(13,498)	-	-	-	-
Basic and diluted gain (loss) per share - $	-	(0.02)	0.01	(0.08)	-	-	-	-
Net gain (loss) for the period - $	(2,103)	(4,601)	292	(21,340)	(3,731)	(3,199)	(3,568)	(4,795)
Basic and diluted loss per share - $	(0.01)	(0.02)	-	(0.12)	(0.02)	(0.02)	(0.02)	(0.03)

*The allowance for value-added tax originally recorded as an extraordinary item on June 30, 2008, has been reclassified as an operating expense

During the quarter, the Company recorded a net loss of $2,103,216 ($0.01 basic and diluted loss per share) as compared with a net loss of $3,731,226 ($0.02 basic and diluted loss per share) in 2008. In addition to the items detailed below, the loss included standby costs for care and maintenance while operations were suspended of $594,291 (Q1, 2008 $NIL) and depreciation of $450,154 (Q1, 2008 $1,075,529 including depletion). Care and maintenance costs include power, security, community relations, water treatment and other environmental control activities at the site.

Additional items contributing to the loss included stock-based compensation expense of $68,177 (Q1, 2008 $75,837); interest and financing charges of $67,904 (Q1, 2008 $484,785), decreasing due to the costs associated with the February 2008 Bridge Loan; and administration expenses of $735,664 (2008 $756,296) with the decrease primarily attributed to:

- Reduced consulting costs as the Company decreased its exploration activities; and
- A decrease in travel costs by senior management.

Reducing the loss was a foreign exchange gain of $704,084 (Q1, 2008 $464,949), which resulted primarily from the strengthening of the $Canadian/$US exchange rate.

The only component of other comprehensive income was a loss of $806,539 (Q1, 2008 ($308,881)) relating to the Company's foreign currency translation adjustment of its foreign operation.

Extraordinary Loss

For information regarding the Company's extraordinary loss recorded during the year ended December 31, 2008 please refer to Note 19 of the March 31, 2009 interim consolidated financial statements.

7. OUTLOOK

During the first quarter management achieved several key goals, including obtaining the construction permits for the new permanent tailings facility, restructuring the debt and obtaining interim financing. These achievements have placed Gold Hawk in a favourable position to seek a complete solution to its financing needs leading to the re-start of operations at the Coricancha Mine.

With the above three objectives met and a second financing completed, management is evaluating a number of opportunities which include a merger, joint venture, equity and other financing mechanisms such as off-take agreements. The resulting proceeds will be used to fund the building of the new tailings facility, begin moving historical tailings and allow the Company to resume operations. Once this re-start financing is in place, the Company expects to resume production within a five to six month period.

Looking to the future, after resumption of operations, it is management's view, supported by an independent technical report, that the Coricancha Mine will produce significant cash flows at current metal prices.

With the discovery in 2007 of the downward extension of the Constancia Vein on the 3,140-metre elevation level, there is significant exploration up-side to provide future organic growth for the Company. One of Management's primary goals is to begin the exploration of this area and conduct a drilling program to prove what we believe to be a significant ore body in this area. A timeline will be established regarding the exploration program following the return to production.

Management remains confident and is committed to the re-start of operations at the Coricancha Mine and then continue on the path toward achieving the goal of growing the Company and increasing shareholder value.

8. RISKS AND UNCERTAINTIES

For full details on the risks and uncertainties please refer to the Company's audited financial statements and notes and MD&A for the period ended December 31, 2008. For the quarter ended March 31, 2009, there was no change in the Company's risk profile.

Going Concern

The Company's cash flow has been adversely affected by the temporary suspension of mine operations and it is expected that cash on hand at June 4, 2009, will not be sufficient to fund the Company's needs for ongoing activities. Management is currently in the process of closing a $1.5 million private placement and reviewing several funding options including equity and debt financing and is in active discussions with its primary lenders. During the first quarter the Company received the net proceeds of a new loan and subsequently completed the legal documentation to formalize the transaction. However, since there is no assurance the Company's financing efforts will succeed, there is substantial doubt regarding the "going concern" assumption. If the Company were unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications used.

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. Significant areas requiring the use of management estimates include the determination of asset retirement obligations, future income taxes, recoverability of mineral properties, plant and equipment and the fair values of net assets acquired in business combinations. Actual results could differ from those estimates.

9. 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 arrange additional debt or equity financing, and upon its ability to generate future positive operating cash flow. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future.

	As at	
	Mar 31, 2009	**Dec 31, 2008**
Cash and cash equivalents	$ 1,333,117	$ 85,718
Restricted cash	2,529	57,897
Working Capital	(25,321,769)	(21,501,567)

Cash and cash equivalents as at March 31, 2009 were $1,333,117 compared to $85,718 as at December 31, 2008. The increase in cash on hand was mainly due to the advance received as a result of the restructured debt and proceeds from the private placement.

Working capital deficiency was $25.3 million as at March 31, 2009, as compared to a working capital deficiency of $21.5 million as at December 31, 2008. The decrease in working capital is mainly due to the increase in the current portion of the asset retirement obligation.

Cash on hand at June 4, 2009, and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, its insurance claims, or a combination thereof.

During the quarter ended March 31, 2009 the Company signed an indicative term sheet with one of its lenders to provide the Company with US$2.0 million of new funds, repay the existing bank debt, and restructure all of the loans under one new US$13.0 million loan facility. The net funds that were received in February 2009 were used to support ongoing activities at the Coricancha Mine and for general corporate purposes. Subsequent to the quarter end the Company signed the new loan agreement. All fees and interest associated with the new loan agreement are capitalized and become part of the new loan. The loan repayment date will be February 13, 2010, whereas the

Company's existing US$9.7 million total debt repayment date was January 29, 2009.

The loan bears interest at 12.0% per annum and a 2.5% Net Smelter Return Royalty for the Coricancha Mine production. The Company will issue the lender 20,000,000 share purchase warrants at an exercise price of $0.05 for the first year and $0.10 for the second year. All warrants will expire at the end of the second year. The Company has the option to reduce the royalty rate to 1.5% in consideration for a payment of US$1.0 million. The new loan agreement and all associated fees will be subject to certain conditions, including receipt of final approval of the TSX Venture Exchange.

Investing activities

Peru – Coricancha Mine

During the quarter ended March 31, 2009, the Company acquired plant and equipment in the amount of $294,479 (2007 $970,983). This consisted of the continued construction and development at the new Chinchan tailings facility and the recognition of upgrades to the processing plant from prior periods that had not been invoiced.

Commitments

As at March 31, 2009 the Company has commitments including various office, vehicle and equipment lease agreements, with minimum future payments as follows:

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	$ 3,384,106	$ 3,384,106	-	-	-
Loan payable	14,236,924	14,236,924	-	-	-
Other lease commitments	128,199	89,096	39,103	-	-
Total*	**$17,749,229**	**$17,710,126**	**$ 39,103**	**-**	**-**

*Amounts above do not include payments related to the Company's asset retirement obligations.

Financial commitments specific to the Coricancha mine and mining in Peru include the following:

- Net smelter return taxes are paid on a sliding scale based on the size of the mine. Small mines pay a lower tax rate than large mines. The Coricancha Mine will pay a 1% tax on its gross revenue, which is the income from the smelter after deducting smelter treatment charges and freight.
- Eight percent (8%) of pre-tax operating profit must, by law, be paid into a workers participation or profit sharing plan which is to be paid out on an annual basis. The operating profit is the gross revenue (net smelter return) minus site operating costs, net smelter return tax, mine closure account funding, loan amortization, and interest charges.
- The corporate tax rate in Peru is 30% on operating profit after deduction of the 8% workers participation tax.

In March of 2007, the Company signed a 10-year electricity supply agreement, effective April 1, 2007. The Company is committed to purchase a minimum monthly volume of power, which it expects to fully utilize in operating the Coricancha Mine. There are provisions in the contract to request more power if necessary. As a result of the suspension of operations the Company sought for and successfully negotiated an amendment to the contact to significantly reduce the minimum monthly volume of power requirement.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Peru and a portion of its revenues and expenses are incurred in US dollars and/or Nuevo Soles. A significant change in the currency exchange rates between the Canadian Dollar relative to the other currencies could have an effect on the Company's results of operations, financial position or cash flows. The

Company has not hedged its exposure to currency fluctuations.

Asset Retirement Obligation

The Company has prepared a site reclamation and closure cost estimate and engaged an independent engineering firm to assess available alternative methods of restoration and assist in the preparation and implementation of an environmental management plan. Due to the ground displacement in and around the current tailings area, the Company is undertaking mitigation, safety and planning measures to stabilize the area and reduce the risk of a landslide. Management has estimated an approximate cost of US$13.9 million to enact these measures. The Company has estimated and recorded a liability for asset retirement obligations of $30,926,197 as at March 31, 2009 ($29,075,844 December 31, 2008). The estimated future cash flows have been discounted using a credit-adjusted risk-free rate of 12.0% (2008 - 9.0%). The asset retirement obligation represents the legal and contractual obligations associated with the reclamation and monitoring activities and the removal of tangible assets at the Coricancha Mine in Peru.

The mine closure obligation has been calculated on the basis of an estimated life of mine of six years. Like most narrow vein underground mines, the proven and probable reserves of the Coricancha Mine are limited, not because of a lack of resources, but rather because of the cost of converting resources to reserves. There are considerable measured, indicated, and inferred resources available at the Coricancha Mine at this time, and it is Managements' opinion that a significant portion of these resources will be converted into the proven and probable categories as the mine's development progresses. The six-year life of mine used for estimating the asset retirement obligations is based on an estimated 33% conversion of these resources into proven and probable reserves.

Off-Balance Sheet Arrangements

The Company's only off-balance sheet arrangements include the commitments described elsewhere in this MD&A.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, deposits, accounts payable and accrued liabilities, various commitments including capital lease obligations, and debt facility. 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 advances made to its self-sustaining subsidiary 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 Peruvian Nuevo Soles and in US dollars. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. As of March 31, 2009, the Company has not yet reached targeted operations, and accordingly, has not entered into any forward exchange contracts or other instruments to fix the rate at which future anticipated flows of US dollars are exchanged into Canadian dollars.

The Company is also exposed to price risk due to changes in commodity prices related to its production. Changes in commodity prices may have a significant affect on potential future cash flows thus exposing the Company to the possibility of impairment write-downs.

The Company is exposed to credit risk through its cash and cash equivalents, restricted cash, and value added tax and trade receivables on concentrate sales. While in operation, the Company managed this risk by requesting advances of up to 95% of the value of the concentrate shipped as per the terms of its off-take agreement. The Company deposits cash and cash equivalents and restricted cash with high credit quality financial institutions, and enters into derivative instruments with a large, well diversified multinational. Credit risk is considered to be minimal. As at March 31, 2009, the Company's maximum exposure to credit risk was the carrying value of value added tax receivables. Given the uncertainty of future sales due to the suspension of mining operations, an allowance of $3,044,229 for value added tax receivable has been recorded.

The Company's short term debt bears interest at fluctuating rates. The Company believes it is not exposed to significant interest rate risk.

Transaction with Related Parties

During the three months ended March 31, 2009 the Company paid $75,000 to a director of the Company as a partial repayment of a short-term loan. As at March 31, 2009, a balance of $75,000 bearing interest at 13% per annum remains outstanding. Management anticipates that the amount will be repaid within one year and has accordingly classified it as a current liability.

Share Capital Transactions

On March 5, 2009 the Company completed a non-brokered private placement of 50,000,000 common shares at a price of $0.02 per share for gross proceeds of $1,000,000 as well as 50,000,000 12-month share purchase warrants with an exercise price of $0.05 per share. The Company is using the net proceeds of the private placement to finance expenditures related to its Coricancha Mine and for general corporate purposes.

In February 2009, the Company issued 3,322,785 common shares to a financial advisor as a commission relating to the Company's non-brokered private placement completed in July 2008. As of March 31, 2009, the Company had issued and outstanding 279,444,929 common shares.

Subsequent to the end of the quarter, Gold Hawk issued its lender 2,985,067 bonus shares in consideration of a loan extension granted in October 2008. Gold Hawk has also issued the lender 20,000,000 bonus warrants to purchase common shares at an exercise price of $0.05 for the first year and $0.10 for the second year of the two-year warrants. Associated with the restructured loan, the Company has granted the lender a 2.5% Net Smelter Return Royalty for future Coricancha Mine production. The Company has the option to reduce the royalty rate to 1.5% in consideration for a US$1.0 million payment.

Subsequent to the end of the quarter, the Board of Directors approved an increase in the maximum number of shares reserved for issuance under its Stock Option Plan to 20,000,000 (7.0% of the issued and outstanding common shares of the Company), including a transfer of 7,460,000 unexercised options previously granted. The Board of Directors granted stock options to purchase 6,440,000 common shares in the capital of the Company to directors, officers and employees of the Company as well as to employees of its wholly owned subsidiary, Compañía Minera San Juan (Peru) S.A. The amendment received final acceptance from the TSX Venture Exchange in April. The Plan was last amended on December 19, 2007.

Subsequent to the quarter end, the Company completed a non-brokered private placement for 25,050,000 units at a price of $0.05 per unit for proceeds of $1,252,500. Each unit is comprised of one common share and one 12-month share purchase warrant at $0.07. The Company will use the net proceeds of the private placement to finance expenditures related to its property and for general corporate purposes.

Capitalization

As at June 4, 2009, the Company had the following issued and outstanding common shares and unexercised stock options and warrants:

	Shares and Potential Shares
Common shares outstanding	287,429,996
Stock options (average exercise price $0.22)	13,725,000
Warrants (average exercise price $0.07)	75,982,061
Total common shares and potential common shares	377,137,057

10. 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 three months ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

11. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

These interim consolidated financial statements are prepared in accordance with Canadian GAAP on a basis consistent with those followed in the most recent audited annual consolidated financial statements as at December 31, 2008, except as described in our consolidated financial statements. 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;
- Fair value of net assets acquired in a business combination;
- Environmental and post-closure obligations;
- 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.

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

12. CHANGES IN ACCOUNTING POLICIES

Accounting policies implemented effective January 1, 2009

The Company adopted Section 3064, Goodwill and Intangible Assets, which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Upon adoption of this standard there were no resulting material changes to the Company's financial position or results of operations.

The Company adopted EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities, which provides guidance on how to take into account an entity's own credit risk and that of the counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. Upon adoption of this EIC there were no resulting material changes to the Company's financial position or results of operations.

The Company adopted EIC-174, Mining Exploration Costs, which provides guidance on how to account for mineral exploration costs as well as when and how to assess for impairment when such exploration costs are capitalized. Upon adoption of this EIC there were no resulting material changes to the Company's financial position or results of operations.

International Financial Reporting Standards

The Canadian Accounting Standards Board recently confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian standards and interpretations on January 1, 2011. The process of changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect reported financial position and results of operations, and also affect certain business functions.

The Company has not yet completed a full evaluation of the adoption of IFRS and its impact on its financial position and results of operations. The full evaluation and an implementation plan will be completed during 2009. The evaluation and implementation plan will address the impact of IFRS on:

- Accounting policies, including choices among policies permitted under IFRS and implementation decisions such as whether changes will be applied on a retrospective or a prospective basis;
- Information technology and data systems;
- Internal control over financial reporting;
- Disclosure controls and procedures, including investor relations and external communications plans;
- Financial reporting expertise, training requirements and the need for assistance from outside expertise;
- Post implementation monitoring to access any future developments of IFRS.

Recent Accounting Pronouncements Issued But Not Yet Implemented

The CICA issued the new Handbook Section 1582, "Business Combinations", Section 1601 "Consolidations" and Section 1602 "Non-controlling Interests" to harmonize with International Financial Reporting Standards ("IFRS"). Section 1582 specifies a number of changes including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These new standards become effective beginning on or after January 1, 2011, but early adoption is permitted.

13. 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.