GREYSTAR RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

INTRODUCTION

The following information of Greystar Resources Ltd. (the "Company" or "Greystar"), prepared as of March 23, 2011, should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2010 and 2009, and the related notes attached thereto. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in this management's discussion and analysis ("MD&A") are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

The Company is a development stage company and is also engaged in the acquisition and exploration of resource properties. The Company's primary activity is the exploration and development of the Angostura Gold-Silver Project (the "Angostura Project") in Colombia. The Company's head office is located in Vancouver, British Columbia, Canada and its exploration and administrative office in Colombia is located in the city of Bucaramanga. The Angostura mineral property is located approximately 55 kilometres north-east of Bucaramanga. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia and trades on the Toronto Stock Exchange ("TSX") and on the AIM Market of the London Stock Exchange (the "AIM Market"), under the symbol GSL.

The following discussion, analysis and financial review is comprised of the following sections:

1. HIGHLIGHTS
2. SELECTED FINANCIAL INFORMATION FOR PAST THREE YEARS
3. ANGOSTURA GOLD-SILVER PROJECT UPDATE, COLOMBIA
4. RESULTS OF OPERATIONS
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1. HIGHLIGHTS

Results of Operations

The net loss for the year ended December 31, 2010, was $35.9 million compared to $24.0 million for the comparative period in 2009. Loss per share for the years ended December 31, 2010 and 2009 was $0.43.

In December 2009, the Company filed its Environmental Impact Assessment ("EIA") with the Colombian Ministry of Environment, Housing and Territorial Development ("MAVDT") in respect to the development of an open pit gold-silver mine at the Company's Angostura Project in Colombia. On April 20, 2010, MAVDT requested a new EIA that conforms to new regulation Law 1382 of 2010 (Modified Mining Code) which requires that mining and exploration activity must be excluded from the "Paramo" ecosystem. On April 29, 2010, the Company filed an appeal of the notification from MAVDT regarding the EIA. On May 28, 2010, the Company received a letter from MAVDT that reinstated its review of the Company's EIA as originally filed. On July 15, 2010, MAVDT issued a notice to the Company that, at the request of third parties, Information Meetings for local communities planned by the Company needed be incorporated into a public hearing process. The Company held two Informational Hearings on November 3 and 4, 2010, and the Public Hearing on November 21, 2010, to hear the views and opinions of certain interested parties on the environmental impact of the Angostura Project. These Information and Public Hearings are steps in the process relating to the decision from MAVDT on issuing an environmental permit for the Angostura Project.

In December 2010, MAVDT notified the Company of a requirement of another Information Meeting and Public Hearing for the environmental permitting process to be held in the city of Bucaramanga. This decision was based on the fact that certain participants opposing the Angostura Project, who had registered to address the general public during the first hearing process, were in the petitioner's view, unable to participate on account of alleged restrictions in the road heading to California, Santander, the location of the first hearing. This exceptional request was intended to better allow inhabitants of Bucaramanga to express their views on the Angostura Project and for MAVDT to obtain public testimony or comments on the Angostura Project's EIA. The Information Meeting was held on February 17, 2011, and the Public Hearing held on March 4, 2011. Unfortunately, confrontations during the Public Hearing resulted in the representatives of MAVDT cancelling the Public Hearing after 28 of the inscribed 470 statements had been heard.

On March 18, 2011, the Company made an announcement clarifying certain comments made by the Ministry of Mines and Energy of Colombia, which could be incorrectly interpreted to mean that the Company is fully withdrawing from the Angostura Project. The Company confirmed that that it does not intend to withdraw from the Angostura Project and it intends simply to "desist" (which in this context, means to cease the Company's intention of further pursuing a formal petition or request for the administrative procedure for an environmental license at this time with a Colombian governmental entity, but without prejudice of the right and opportunity to file a new petition or request for administrative procedure for a mining project environmental license in the future) from ongoing environmental licensing to allow for future re-filing on terms that reflects concerns. On the March 23, 2011, the Company filed a request to desist from the administrative procedure of the environmental licensing before MAVDT. The Company is committed to developing the Angostura Project, but recognizes that there is a need to reconfigure it. As a result, the Company has decided it will not proceed with finalization of the feasibility study on the open pit project at this time. The Company intends to continue with studies into the feasibility of alternatives, including an underground option, whilst the uncertainty surrounding the definition of Paramo and the exclusion of mining from Paramo affects the permitting of its open pit/heap leach part of the project. The Company also will continue to proceed with evaluating the entire project while working jointly with the MAVDT as well as with the Ministry of Mines and Energy of Colombia in resolving any outstanding issues, including how the open pit project can be modified to meet concerns and to proceed with an underground project. The Company has completed a Preliminary Economic Evaluation ("PEE") of an underground operation at the Angostura Project that targets the high grade resource at Angostura. The Company proposes to work rapidly to advance the next phase of study and drilling with an objective to increase and improve the categorization of high grade underground resources, and investigating the potential to extend the resource at length and depth.

The PEE indicates that over a 14 year initial project life, gold production is estimated at 2 million ounces of gold and 8 million ounces of silver. Production costs are estimated at US$395 per ounce of gold after silver credits. The initial capital cost is estimated at US$352 million. At a long term gold price of US$1,015 per ounce of gold, US$15.85 per ounce of silver and a discount rate of 5%, the pre-tax net present value ("NPV") is US$412 million and the internal rate of return ("IRR') is 20%. Mineral resources that are not mineral reserves do not have a demonstrated economic viability. The Company will file a National Instrument 43-101 compliant Technical Report within 45 days from March 18, 2011.

The Company will complete all necessary steps to ensure that the Angostura Project will not affect the water supply or its quality to the city of Bucaramanga, the surrounding metropolitan area, or the North Soto Province. The Company will continue to inform citizens fully about its proposed Angostura Project and to encourage an understanding that responsible mining can bring considerable economic and social benefits, not only to the region, but to Colombia as a whole.

International Cyanide Management Code

In September 2010, the Company announced that The International Cyanide Management Institute ("ICMI") has accepted the Company as a signatory to the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold ("Code"). The Code is a voluntary industry program for companies involved in the production of gold using cyanide and companies manufacturing and transporting this cyanide.

By becoming a signatory, the Company commits to follow the Code's Principles and implement its Standards of Practice and to have verification audits of the Angostura Project conducted by independent third-party auditors during its pre-operational phase, within one year of its first receipt of cyanide, and every three years thereafter.

Management Changes

In February 2010, the Company announced the appointment of Mr. Steve Kesler to the position of President and CEO following receipt of a Canadian work permit. Mr. Kesler assumed the role of President and Chief Executive Officer in May 2010 following the retirement of Mr. David Rovig who was appointed as non-executive Chair of the Board. In April 2010, Tim Lallas resigned as Vice-President Finance, Administration and Chief Financial Officer. Rick Low, the Company's Director Finance, acted as interim Chief Financial Officer until the appointment of David Newbold as Chief Financial Officer in August 2010. In June 2010, Geoff Chater stepped down as Vice President Corporate Development, but continued to provide investor relations consulting services until October 2010. In September 2010, the Company announced the appointment of Victoria Vargas as Vice President Investor Relations and Corporate Communications. David Heugh was appointed to the position of Chief Operating Officer in March 2011.

2. SELECTED ANNUAL FINANCIAL INFORMATION FOR PAST THREE YEARS

	Fiscal Years Ended December 31		
	2010	**2009**	**2008**
	$	**$**	**$**
Balance Sheet:			
Total assets	121,138,789	101,793,112	43,255,960
Total long-term liabilities	229,446	1,074,829	190,000
Operations:			
Exploration expenditures	26,263,512	19,190,491	20,430,742
Administrative costs			
General	6,410,249	2,640,896	1,518,049
Stock-based compensation	4,515,330	2,305,684	1,402,085
Interest income	(1,164,205)	(337,782)	(1,406,784)
Other items	(83,083)	226,539	1,053
Net loss for the year	35,941,803	24,025,828	21,945,145
Basic and diluted loss per share	$ 0.43	$ 0.43	$ 0.48
Dividends per share	-	-	-

The variation in total assets over the three year term is mainly due to fluctuations in levels of cash. As the Company has no operating revenue, it relies primarily on equity financing to fund its activities. Proceeds from equity financing, including exercise of stock options and warrants, were $46 million, $76 million and $294,000 in 2010, 2009 and 2008, respectively. Interest income increased in 2010 due to the higher level of cash balance compared to 2009. Interest rates on investments for 2008 were higher resulting in higher interest income compared to subsequent years. Funds raised have been used primarily for exploration activities and mineral property acquisitions at the Angostura Project. Over the three year period, exploration costs have trended up from a monthly average of $1.7 million in 2008 to $2.2 million in 2010, due to costs incurred for the preparation of the prefeasibility and feasibility studies. Administrative costs have increased in step with the level of exploration activity, additional administrative personnel and professional fees as the Company transitions from exploration to development. At December 31, 2010, cash and cash equivalents represented approximately $98.3 million out of the $121.1 million of total assets.

Stock-based compensation costs, primarily stock options granted to directors and employees of the Company, were the largest single component of administrative expenses during 2010 and 2009. Stock based compensation costs are a non-cash expense and represent an estimate of the fair value of stock options granted to directors, employees and consultants of the Company.

3. ANGOSTURA GOLD-SILVER PROJECT UPDATE, COLOMBIA

Historical information on the Angostura Project follows the current and latest developments, which are discussed immediately below.

Current Developments

The Company's permitting process for the Angostura Project is described under "Permitting" below. This process involved the filing of an EIA in 2009 and a series of Information and Public Hearings in 2010 and 2011.

On March 18, 2011, the Company made an announcement clarifying certain comments made by the Ministry of Mines and Energy of Colombia, which could be incorrectly interpreted to mean that the Company is fully withdrawing from the Angostura Project. The Company confirmed that that it does not intend to withdraw from the Angostura Project and it intends simply to desist from ongoing environmental licensing to allow for future re-filing on terms that reflects concerns. On the March 23, 2011, the Company filed a request to desist from the administrative procedure of the environmental licensing before MAVDT. As a result, the Company has decided it will not proceed with finalization of the feasibility study on the open pit project at this time. The Company is committed to developing the Angostura Project, but recognizes that there is a need to reconfigure it. The Company intends to continue with studies into the feasibility of alternatives, including an underground option, whilst the uncertainty surrounding the definition of Paramo and the exclusion of mining from Paramo affects the permitting of its open pit/heap leach part of the project. The Company also will continue to proceed with evaluating the entire project while working jointly with the MAVDT as well as with the Ministry of Mines and Energy of Colombia in resolving any outstanding issues, including how the open pit project can be modified to meet concerns and to proceed with an underground project. The Company has completed a Preliminary Economic Evaluation of an underground operation at the Angostura Project that targets the high grade resource at Angostura. The Company proposes to work rapidly to advance the next phase of study and drilling with an objective to increase and improve the categorization of high grade underground resources, and investigating the potential to extend the resource at length and depth.

The PEE indicates that most of these resources are contained within the shell of the open pit. Mineable resources were estimated at 14 million tonnes at 5.34 grams per tonne ("g/t") gold and 29.6 g/t silver. A mining rate of 4,000 tonnes per day ("tpd") and flotation plant operation of 3,300 tpd are envisaged, which after a ramp up of one year, would produce approximately 200,000 ounces of gold per year over the first seven years before production declines owing to resource constraints. The PEE indicates that over a 14 year initial project life, gold production is estimated at 2 million ounces of gold and 8 million ounces of silver. Production costs are estimated at US$395 per ounce of gold after silver credits. The initial capital cost is estimated at US$352 million. At a long term gold price of US$1,015 per ounce of gold, US$15.85 per ounce of silver and a discount rate of 5%, the NPV is US$412 million and the IRR is 20%. Mineral resources that are not mineral reserves do not have a demonstrated economic viability.

The Company is committed to the reclamation of all areas affected by the Angostura Project and to develop a biodiversity offset program. The Company believes that the oxide resource can be developed with open pit mining whilst preserving biodiversity and water quality. The Company wants to ensure that the future re-filing reflects the many concerns that have been presented and that this will allow it to have a social license to operate sustainably. The Company will complete all necessary steps to ensure that the Angostura Project will not affect the water supply or its quality to the city of Bucaramanga, the surrounding metropolitan area, or the North Soto Province. The Company will continue to inform citizens fully about its proposed Angostura Project and to encourage an understanding that responsible mining can bring considerable economic and social benefits, not only to the region, but to Colombia as a whole.

Historical Development of Resources

On March 18, 2011 the Company announced its commitment to developing the Angostura Project, but recognized that there is a need to reconfigure it. The definition of resources prior to this date is set out below for reference.

On July 15, 2010, Greystar announced an updated resource estimate for the Angostura Project. The resource study was based on updated three dimensional geological and mineral models It included all of the technical data available as of January 2010, including 179,813 core assays from 938 drill holes representing 302,834 meters, and 1,768 muck samples from the exploration tunnels. The resource study was developed by Greystar under the overall supervision of consulting company NCL Ingeniería y Construcción S.A. ("NCL") from Santiago, Chile.

Additional drilling carried out in 2008 and the rigorous evaluation of the resource by Greystar's geological staff working closely with NCL had provided a robust resource model. Greystar had initiated the evaluation of underground resources that lie beyond the pit boundary but within a proximity to allow exploitation utilizing the pit infrastructure either during or after completing the open pit operation. As the cut-off date for the data employed in this resource study was January 2010, drilling data from the Los Laches, Cristo Rey and Silencio properties received after that date was not included.

Resource Highlights:

This resource statement was made using a gold price of US$850/oz and a silver price of US$12/oz. In developing this resource, a more conservative view was taken on higher grade material, which included grade capping and reduced search area to make the resource more robust and to enhance the overall economic evaluation of the viability of the Angostura Project. An operational pit was designed by NCL using available mining, metallurgical and geotechnical parameters. Details of the operational pit and underground resources are provided in the tables below:

Operational Pit Resource

	Category			
	Measured	**Indicated**	**Total (Meas. + Ind.)**	**Inferred**
OXIDES				
Kt	79,160	26,597	*105,757*	6,306
Au (g/t)	0.39	0.45	*0.41*	0.44
Ag (g/t)	3	3	*3*	3
Au (koz)	998	389	*1,387*	88
Ag (koz)	8,521	2,787	*11,308*	555
TRANSITION				
Kt	104,003	20,758	*124,761*	5,523
Au (g/t)	0.61	0.89	*0.66*	0.84
Ag (g/t)	6	6	*6*	6
Au (koz)	2,039	594	*2,633*	149
Ag (koz)	19,373	4,163	*23,536*	1,111
SULPHIDES				
Kt	94,505	33,540	*128,045*	14,519
Au (g/t)	1.00	1.75	*1.20*	1.43
Ag (g/t)	5	8	*6*	6
Au (koz)	3,036	1,885	*4,921*	666
Ag (koz)	16,118	8,635	*24,753*	2,996
TOTAL RESOURCES IN OPERATIONAL PIT				
Kt	277,668	80,895	*358,563*	26,348
Au (g/t)	0.68	1.10	*0.78*	1.07
Ag (g/t)	5	6	*5*	6
Au (koz)	6,074	2,868	***8,942***	903
Ag (koz)	44,012	15,585	***59,597***	4,662

Underground Resource

The PEE referred to in the March 18, 2011 update addresses a different resource that would be accessed by underground methods rather than open pit. Such minable resources were estimated at 14 million tonnes at 5.34 g/t gold and 29.6 g/t silver.

The following discusses the smaller underground resource as contained in the July 15, 2010 updated resource estimate for the open pit Angostura Project.

The portions of the block model beneath the operational pits were examined to determine the zones which might support the necessary capital for underground development. The portions that were too isolated from the pit infrastructure or with insufficient grade or tonnage for underground mining were categorized as waste.

	Category			
	Measured	Indicated	Total (Meas. + Ind.)	Inferred
		SULPHIDES		
Kt	1,283	4,761	*6,044*	3,762
Au (g/t)	3.95	4.36	*4.28*	3.61
Ag (g/t)	17	20	*19*	16
Au (koz)	163	668	*831*	437
Ag (koz)	718	3,067	*3,785*	1,992

On July 15, 2010, Greystar announced an updated metallurgical recovery model ("Recovery Model") and process flow for the Angostura Project. The updated Recovery Model replaces the metallurgical model used in the May 2009 Preliminary Feasibility Study ("PFS Recovery Model").

The results of the metallurgical testing have the following average gold recoveries by ore type.

Process	Ore Type	Average Metallurgical Test Results - PFS[1)]	Average Metallurgical Test Results[6)]	
			19 mm[2)]	38 mm[3)]
Heap Leach	Oxide	90%	91%	91%
	Transitional	73%	74%	70%
	Low Grade Sulphide	39%	33%	30%
Flotation/BIOX®/ CIP/Heap Leach FlotationTails	High Grade Sulphide	94%[4)]	86%[5)]	

1. Heap Leach average metallurgical results in the PFS Recovery Model based on 18 Column Leach Test ("CLT") at 19 mm.

2. Heap Leach average metallurgical results in the Recovery Model based on 77 CLT at 19 mm (includes all the samples tested at 38 mm).
3. Heap Leach average metallurgical results in the Recovery Model based on 11 CLT at 38 mm.
4. High grade ore circuit average metallurgical results in the PFS Recovery Model were based on the sale of concentrates with 90% flotation gold recovery, 98.5% Smelter Recovery, and 54% heap leaching recovery of flotation tails agglomerates.
5. High grade ore circuit average metallurgical results in the Recovery Model based on 91% flotation gold recovery, 90% BIOX® /CIP recovery, and 50% heap leaching recovery of flotation tails agglomerates.
6. Heap leach feed size sensitivity (38mm vs. 19mm) employed for the Recovery Model was determined considering only samples tested at both feed sizes, rather than average results as presented in the table shown above.

Updates to the Recovery Model included:

- A coarsening of the planned heap leach feed size to 38mm.
- A new geo-metallurgical model to project heap leach recoveries.
- A revision to the high grade recovery circuit to include stirred tank bio-oxidation and carbon-in-pulp cyanidation of the flotation concentrate.

The metallurgical processing routes for the Angostura ore would have been driven by the Recovery Model with:

- Oxide, transitional and low-grade sulphide ore being processed by conventional cyanide heap leach and agglomerated flotation tailings heap leach, and

- High grade sulphide mineralization being treated by milling, flotation, stirred tank bio-oxidation, carbon in pulp cyanidation of bio-oxidized residue and pulp agglomeration heap leaching of flotation tailings.

Permitting

Date:	Event:
October, 2009	The Company submitted an application for a Work and Investment Plan (PTO) based on the preliminary feasibility study ('PFS"). The PTO was submitted to the Ingeominas, a division in the Ministry of Mines and Energy, on October 23, 2009. The PTO is the operating plan for Angostura which must be approved by Ingeominas in a parallel process to the environmental permitting. Both the EIA and the PTO must be approved in order to begin the construction phase of the Mining Concession Contract.
December, 2009	The Company filed the EIA with MAVDT to initiate the environmental permitting process for the development of an open pit gold and silver mine

Date:	Event:
	at the Angostura Project in Colombia. The EIA, which is based on the PFS, covers all environmental and social aspects of the proposed mine development including baseline data and end of mine life mitigation plans.
April, 2010	MAVDT requested a new EIA to be filed. MAVDT requested that the new EIA conform to new regulation Law 1382 of 2010 (Modified Mining Code) which requires that mining and exploration activity must be excluded from the "Paramo" ecosystem.
May, 2010	After the Company's appeal in April 2010, the Company received a writ from MAVDT that reversed its April 20th writ and reinstated the December 22, 2009 EIA as filed. MAVDT advised it would move forward with a review of the EIA.
November 2010	After MAVDT's notice in July 2010, stating that the Information Meetings for local communities that were being planned by the Company are to be incorporated into a public hearing process, the Company held two Informational Hearings on November 3 and 4, 2010 and the Public Hearing on November 21, 2010. The Informational Hearing was held in the towns of California and Vetas Santander, Colombia and the Public Hearing held only in the town of California.
March 2011	In December 2010, MAVDT notified the Company of a requirement of another Information Meeting and Public Hearing for the environmental permitting process to be held in the city of Bucaramanga. This decision was based on the fact that certain participants opposing the Angostura Project, who had registered to address the general public during the first hearing process, were in the petitioner's view, unable to participate on account of alleged restrictions in the road heading to California, Santander, the location of the first hearing. This exceptional request was intended to better allow inhabitants of Bucaramanga to express their views on the Angostura Project and for MAVDT to obtain public testimony or comments on the Angostura Project's EIA. These Information and Public Hearings are steps in the process relating to the decision from MAVDT on issuing an environmental permit for the Angostura Project. The Information Meeting was held on February 17, 2011 and the Public Hearing held on March 4, 2011. Unfortunately, confrontations during the Public Hearing resulted in the representatives of MAVDT cancelling the Public Hearing after 28 of the inscribed 470 statements had been heard. On the March 23, 2011, the Company filed a request to desist from the administrative procedure of environmental licensing before MAVDT, as well as the administrative procedure of evaluation and approval of the PTO before Ingeominas.

Exploration

In December 2009, the Company initiated an exploration drill program to investigate the mineral potential of the La Plata mineral property, over which the Company has completed its 100% working interest acquisition, in the La Baja Valley, located southwest of the Angostura deposit. The Company continued with its program of exploring the potential of high grade mineralization at the Angostura gold-silver deposit. Evaluation continued at the near surface oxide gold and deeper sulphide mineralization discovered in 2008 at the Mongora prospect located 3 km south of the main Angostura deposit.

Los Laches Drill Program

The Company announced additional assay results from the targeted drill program at the Los Laches area of the Angostura gold-silver deposit. The new drill results from the Los Laches Area, whose geology is structurally complex, continue to provide positive results showing the potential of high grade mineralization at depth below the envisioned Preliminary Feasibility Study open pit.

Mongora Drill Program

The Mongora prospect is defined by a large, 500 meter by 300 meter gold-in-soil anomaly. The Company started 57 drill holes on the Mongora target, accumulating 19,459 meters to December 2010. Similar to the Angostura deposit, the Mongora prospect hosts higher-grade gold mineralization including 116 grams of gold per tonne over 2.0 meters, 22.2 grams of gold per tonne over 2.0 meters and 12.35 grams of gold per tonne over 1.6 meters within broader zones of lower-grade gold mineralization. The mineralization contained in the oxidized and transitional rock at the Mongora area could be very important for the Angostura Project.

La Plata

La Plata is located in the California mining district of Colombia. La Plata comprises 78 hectares of mineral rights contiguous on the majority of its borders with existing Greystar holdings.

The La Plata property lies within a mineralized belt related to the northeast-southwest trending La Baja Fault, which has given rise to a number of mineralized occurrences where gold and silver mineralization is associated with flexures along the main fault. This mineralization, which has traditionally been mined by local artisanal miners, is now the focus of more modern exploration methods.

Exploration carried out by the Company since 2009 identified vein and stock work mineralization associated with strong alteration hosted in a dacite-porphyry system. Drilling, comprising 17 drill holes (6,651 meters) has intersected anomalous gold and silver grades and additional work is in process to define the geometry of the mineralization. Rock samples from mine tunnels on site returned gold assays ranging from no significant gold up to 9.66 grams per ton gold and silver assays ranging from no significant silver up to 94.3 grams per tonne silver.

Cristo Rey

3,778 meters of core has been drilled at Cristo Rey in 2010 to test higher grade mineralized structures at depth and along strike. The latest results from diamond drilling in the Cristo Rey area, which marks the current northern limit of the Angostura deposit, included 189.5 g/t gold and 701 g/t silver over 1.5 meters in hole CR10-05, 6.89 g/t gold and 85.4 g/t silver over 1.6 meters in hole CR10-04 and 12.45 g/t gold and 96.7 g/t silver over 1 meter in hole CR10-02. These significant intercepts confirm the presence of mineralization along strike and down dip in the northern limit of proposed Angostura pit. Mineralization in the Cristo Rey area is similar in style to the Veta de Barro area immediately to the south where higher grade structures have considerable strike extent and, although relatively narrow, the structures have very interesting high gold grade contents.

New Areas of Exploration outside of the Angostura Project Area

Greystar has applied for mineral property rights over 35,000 hectares in other jurisdictions around Colombia, in the departments of Nariño, Cauca, Tolima, Caldas, Santander, Norte de Santander and Cesar with only one having been granted by Ingeominas to date. Ingeominas is evaluating the other applications to define the free areas to be granted. Prospecting activities are being carried out to identify other mineral potential in Colombia.

Besides the exploration for gold, a study of potential for limestone as a source of lime feed for a lime plant was completed on April 2009 in the Issuer's concessions in the areas of Charta and Vetas. Three potential areas as sources of limestone for a future plant were defined.

The information under the heading "Exploration" has been reviewed and approved by Mr. Frederick Felder, P.Geo., a "qualified person" as that term is defined in National Instrument 43-101 and Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in respect of AIM companies, which outline standards of disclosure for mineral projects.

Resource information under the heading "Feasibility Study – Resource Highlights" has been reviewed and approved by Mr. Rodrigo Mello, Senior Geologist with NCL Ingeniería y Construcción S.A., Santiago, Chile a "qualified person" as that term is defined in National Instrument 43-101 and Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in respect of AIM companies, which outline standards of disclosure for mineral projects.

4. RESULTS OF OPERATIONS

The following table sets forth selected financial data for the periods indicated:

	Three Months Ended December 31,		Years Ended December 31,	
	2010	**2009**	**2010**	**2009**
Exploration expenditures:				
Feasibility and pre-feasibility costs:				
Feasibility and pre-feasibility studies	$ 3,955,876	$ 1,784,605	$10,138,124	$ 8,582,734
Other exploration expenditures	5,599,620	3,626,777	16,125,388	10,607,757
	9,555,496	5,411,382	26,263,512	19,190,491
General and administrative expenses:				
Amortization	91,412	72,921	338,294	266,142
Administrative expenditures	1,496,659	752,716	6,071,955	2,374,754
Stock-based compensation	761,311	388,428	4,515,330	2,305,684
	2,349,382	1,214,065	10,925,579	4,946,580
Interest income	(333,080)	(192,331)	(1,164,205)	(337,782)
Foreign exchange (gain) loss	(253,118)	70,471	(83,083)	226,539
Loss for the period	$ 11,318,680	$ 6,503,586	$35,941,803	$ 24,025,828
Loss per share	$ 0.13	$ 0.09	$ 0.43	$ 0.43

Three months ended December 31, 2010

Total exploration expenditures were $9.6 million for the three months ended December 31, 2010, compared to $5.4 million for the three months ended December 31, 2009. The change was the result of the following:

- Costs related to feasibility study were $4.0 million for the three months ended December 31, 2010, compared to $1.8 million for the comparative period in 2009. The higher cost in 2010 was due to increased expenses in the process of finalizing the feasibility study.

- Exploration costs were higher for the three months ended December 31, 2010, due to the drill programs at Los Laches, Mongora and La Plata properties. These drilling expenditures totalled $2.0 million in the three months ended December 31, 2010, compared to costs of $0.8 million in the comparative period of 2009.

- General and administrative expense for the Angostura Project in Colombia was $2.4 million for the three months ended 2010 compared to costs of $1.1 million for the comparative period in 2009 due to increases in personnel, consultants and activities relating to public hearing.

General and administrative expenses at the corporate office increased by approximately $1.3 million for the three months ended December 31, 2010, compared to the three months ended December 31, 2009. The increase was a result of the following:

- Management and consulting fees were up $0.3 million in 2010 compared to 2009, due primarily to the engagement of consultants for finance advisory services, and corporate reorganization consulting services.
- Salaries and benefits were up $0.3 million in 2010 compared to 2009, due primarily to the hiring of additional senior corporate staff during first half of 2010.
- Stock-based compensation increased by $0.4 million in 2010 compared to 2009, due to higher amortization resulting from the higher number and fair values for stock options granted during the first half of 2010, and to higher amortization of the cost of prior period awards that vested during the period.
- Travel costs were up by $0.1 million in 2010 compared to 2009, due primarily to increase travel by corporate staff resulting from increased activities in the hearing process, financing, recruitment and project site visits.
- There has been a general trend for increased general and administrative costs on a quarterly basis attributable to increased activities and staffing as the Company anticipates moving into development.

Interest income for the three months ended December 31, 2010, increased by $0.1 million from the comparative period in 2009, primarily due to the increased cash balances.

The Company had a foreign exchange gain of $253,000 for the three months ended December 31, 2010, compared to a $70,000 loss for the three months ended December 31, 2009, primarily due to the conversion of Colombian peso denominated transactions and balances to Canadian dollars.

Year ended December 31, 2010

Total exploration expenditures were $26.3 million for the year ended December 31, 2010, compared to $19.2 million for the year ended December 31, 2009. The change was the result of the following:

- Costs related to the feasibility study were $10.1 million for the year ended December 31, 2010, compared to $8.6 million for the comparative period in 2009. The higher cost in 2010 was due to the increased expenses in the process of finalizing of the feasibility study.
- Exploration costs were higher for the year ended December 31, 2010, due to the drill programs at Los Laches, Mongora and La Plata properties. These drilling expenditures totalled $6.4 million in 2010, compared to costs of $2.7 million in the comparative period of 2009.

- General and administrative expense for the Angostura Project in Colombia increased by $2.3 million for the year ended December 31, 2010 compared to the comparative period of 2009 due to increases in personnel, consultants and activities relating to public hearing.

General and administrative expenses at the corporate office have increased by approximately $6.0 million for the year ended December 31, 2010, compared to the year ended December 31, 2009. The following explains the increase in the comparative periods:

- Management and consulting fees were up $1.6 million in 2010 compared to 2009, due primarily to the engagement of consultants to recruit senior executives, finance advisory services, and corporate reorganization consulting services.

- Salaries and benefits were up $1.5 million in 2010 compared to 2009, due primarily to the hiring of additional senior corporate staff during 2010 and bonuses awarded to senior management during the first quarter of 2010 as compared to no bonuses in the comparative quarter of 2009.

- Stock-based compensation increased by $2.2 million in 2010 compared to 2009, due to higher amortization resulting from the higher number and fair values for stock options granted during 2010, and to higher amortization of the cost of prior period awards that vested during the period.

- Travel costs were up by $0.4 million in 2010 compared to 2009, due primarily to increase travel by corporate staff resulting from increased activities in the hearing process, financing, recruitment and project site visits.

Interest income for the year ended December 31, 2010, increased by $0.8 million from the comparative period in 2009, primarily due to the increased cash balances.

The Company had a foreign exchange gain of $83,000 for the year ended December 31, 2010 compared to a $0.2 million loss for the year ended December 31, 2009. Gains recorded in the current year period can primarily be attributed to the conversion of Colombian peso transactions into Canadian dollars as the Colombian peso weakened against the Canadian dollar during the year.

5. QUARTERLY INFORMATION

		Administrative Expenses				Basic and Diluted
	Exploration Expenditures	General and Amortization	Stock-based Compensation	Interest Income	Net Loss	Loss per Share
Q4 – December 31, 2010	$9,555,496	$1,588,071	$761,311	($333,080)	$11,318,681	$0.13
Q3 – September 30, 2010	$7,529,153	$1,644,379	$854,935	($278,490)	$9,809,472	$0.12
Q2 – June 30, 2010	$5,830,474	$1,535,938	$1,860,025	($284,896)	$8,934,045	$0.11
Q1 – March 31, 2010	$3,348,389	$1,641,860	$1,039,059	($267,739)	$5,879,605	$0.07
Q4 – December 31, 2009	$5,411,382	$825,637	$388,428	($192,331)	$6,503,587	$0.09
Q3 – September 30, 2009	$6,348,885	$740,692	$407,883	($37,511)	$7,828,273	$0.15
Q2 – June 30, 2009	$4,320,471	$605,644	$1,311,757	($28,104)	$6,049,978	$0.11
Q1 – March 31, 2009	$3,109,753	$468,924	$197,616	($76,836)	$3,643,991	$0.08

Notes and Factors Affecting Comparability of Quarters:

1. The Company is a mineral exploration and development company and has no operating revenue. Interest is from funds invested. The amount of interest earned is a function of the amount of funds invested and interest rates. Interest rates on term deposits dropped significantly in 2009 and remained low during 2010. This, however, was offset by the significantly increased levels of cash, which contributed to increasing level of quarterly interest income in 2010 compared to 2009.
2. Stock-based compensation costs are a non-cash expense and represent the amortization of the estimated fair value of stock options granted determined using the Black-Scholes option pricing model.
3. Exploration and other project-related activities in Colombia shut down each year for a Christmas break which extends into January. As a result of this shut-down, exploration and project-related expenditures for the December 31 quarter and the March 31 quarter tend to be lower than the preceding September 30 quarter. For the quarters ended March 31, 2009 and June 30, 2009, the reduction of costs can be attributed to the time lag between the completion of the PFS and the start of the FS in late June 2009. For the second half of 2009, costs increased significantly due to efforts being placed on the FS. Engineering costs for the feasibility study decreased during the first quarter of 2010 but increased for the remainder of the year.
4. There has been a general trend for increased general and administrative costs on a quarterly basis attributable to increased activities and staffing as the Company anticipates moving into development.

6. LIQUIDITY AND CAPITAL RESOURCES

Statement of Cash Flow Information

At December 31, 2010, cash and cash equivalents were $98.3 million, up from $81.6 million at December 31, 2009. The increase in cash and cash equivalents is primarily attributed to the receipt of gross proceeds of $46.1 million received from the exercise of warrants in the first quarter of 2010.

The Company's cash resources are invested in short term financial instruments issued by major Canadian chartered banks. These instruments mature at various dates over the current operating period. The Company does not invest in asset-backed commercial paper. Cash used in operations including changes in non-cash working capital was $27.2 million for the year ended December 31, 2010, compared to $20.0 million for the comparative period in 2009. For the year ended December 31, 2010, exploration-related expenditures, including feasibility study costs, were $26.3 million and represent the major use of funds for the period.

At December 31, 2010, the Company had working capital of $90.8 million, but had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the year ended December 31, 2010, the Company reported a net loss of $35.9 million and as at December 31, 2010, had an accumulated deficit of $173.2 million. The ability of the Company to continue as a going concern is dependent upon the Company's ability to arrange additional funds to complete the development of its property and upon future profitable operations.

There is no material variance between the use of proceeds as stated in the Company's September 22, 2009 short form prospectus relating to its public offering and the actual application of those funds.

Management of the Company believes that the current level of funds is expected to be sufficient to pay for committed project and administrative costs to the end of 2011. Financial advisors have been appointed to assist the Company in developing a financing plan for development of the Angostura Project. However, the current economic uncertainty and financial market volatility make it difficult to predict success. Risk factors potentially influencing the Company's ability to raise equity or debt financing include: the outcome of the Company's application for an environmental permit with the MAVDT, mineral prices, the results and recommendations of the FS, the political risk of operating in a foreign country, and the buoyancy of the credit and equity markets. For a more detailed list of risk factors, refer to the Company's Annual Information Form for the year ended December 31, 2010, which is filed on SEDAR. Management intends to continue discussions with potential debt and equity investors.

Due to the current low interest rate environment, interest income is not expected to be a significant source of income or cash flow. Management intends to monitor spending and assess results on an ongoing basis and will make appropriate changes as required.

Commitments

The Company's commitments related to its mineral property acquisitions are discussed below.

(a) Mineral Property Commitments

The Company's mineral properties comprise surface rights, mining titles, exploration licenses, exploitation permits and concession contracts that provide for gold, silver and other precious metals exploitation in an area located in the Municipality of California, Santander, Colombia, collectively known as the Angostura Project. The licenses, permits and contracts expire at various dates ranging from 2020 to 2038 and generally can be renewed for an additional 10, 20 or 30 years depending on the applicable mining code.

Certain portions of the Angostura Project are subject to royalties ranging from 5% to 10% of net profits after certain additional deductions. In addition, pursuant to the laws of Colombia, the Government of Colombia currently receives royalties on gold and silver production equal to 4% of 80% of the production value, which is calculated using the average gold and silver prices published by the London Metal Exchange.

In order to maintain the Company's mineral properties in good standing, the Company is required to make certain annual fee payments based on the number of hectares and a Colombian wage factor that fluctuates on an annual basis. As at December 31, 2010, the required annual fee payments related to the Company's mineral properties totaled approximately $620,000 (2009 - $611,000).

(b) Other Commitments

The following is a schedule of the Company's other commitments as at December 31, 2010:

		Total	2011	2012	2013	2014	2015	2016 and Thereafter
Consulting & contract Services	(a)	$ 2,191,267	$ 2,181,448	$ 9,819	$ -	$ -	$ -	$ -
Office operating leases	(b)	393,500	189,008	152,558	24,856	14,128	12,950	-
		$ 2,584,767	$ 2,370,456	$ 162,377	$24,856	$ 14,128	$ 12,950	$ -

(a) Relates to various professional services and outsourced.

(b) Primarily relates to operating leases for office premises

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

7. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Colombia and a large portion of its expenses are incurred in Colombian pesos and U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the Colombian peso and U.S. dollar 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.

The Company's exposure to the Colombian peso, expressed in Canadian dollars and Colombian pesos, on financial instruments is as follows:

	2010		2009	
	CDN$	Colombian peso	CDN$	Colombian peso
Cash and cash equivalents	$ 93,227	179,975,804	$ 598,289	1,170,819,961
Accounts receivable and prepaid expenses	524,882	1,013,284,852	337,783	661,023,483
Accounts payable and accrued liabilities	2,400,242	4,633,672,085	1,761,310	3,446,790,607
	$3,018,351	5,826,932,741	$ 2,697,382	5,278,634,051

As at December 31, 2010, with other variables unchanged, a 10% depreciation or appreciation of the Canadian dollar against the Colombian peso would change the values of the Colombian peso denominated financial instruments and would affect the consolidated statement of operations and comprehensive loss by approximately $301,800.

The Company's exposure to the Colombia peso on annual exploration expenditures throughout the year ended December 31, 2010 was $17,718,266. A 10% depreciation of the Canadian dollar against the Colombian peso would affect the consolidated statement of operations and comprehensive loss by approximately $1,771,827.

The Company's exposure to the U.S. dollar, expressed in Canadian dollars and U.S. dollars, on financial instruments is as follows:

	2010		2009	
	CDN$	US$	CDN$	US$
Cash and cash equivalents	$1,746,735	$1,754,234	$ 44,494	$ 42,513
Accounts payable and accrued liabilities	1,151,856	1,158,110	225,631	215,585
	$2,898,591	$2,912,344	$ 270,125	$ 258,097

As at December 31, 2010, with other variables unchanged, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would change the values of the U.S. dollar denominated financial instruments and would affect the consolidated statement of operations and comprehensive loss by approximately $289,859.

The Company's exposure to the U.S. dollar on annual exploration expenditures throughout the year ended December 31, 2010 was $5,943,565. A 10% depreciation of the Canadian dollar against the U.S. dollar would affect the consolidated statement of operations and comprehensive loss by approximately $594,357.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits.

The Company's cash and cash equivalents and short term investments are held through large Canadian financial institutions. Short-term investments are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These instruments mature and are cashable at various dates over the current operating period. Amounts receivable primarily consists of Harmonized Sales Tax receivable with expected payment from the Canadian government.

The total cash and cash equivalents and accounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding bank accounts and any short term investments with reputable banks with high credit ratings.

(c) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances in order to meet short and long term business requirements. The Company believes that these sources will be sufficient to cover its cash requirements for the upcoming year. The Company's cash is invested in liquid investments with quality financial institutions and is available on demand for the Company's programs and is not invested in any asset backed commercial paper. Contractual commitments that the Company is obligated to pay in future years are disclosed in note 14.

As at December 31, 2010, the Company's liabilities have contractual maturities as summarized below:

	Total	Less than 1 year
Accounts payable and accrued liabilities	$ 6,308,617	$ 6,308,617
Accounts payable on mineral properties	1,113,700	1,113,700
	$ 7, 422,317	$ 7, 422,317

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash in bank accounts and investments earn interest income at variable rates. The Company's future interest income is exposed to changes in short-term rates. Assuming cash remains constant, an increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by $983,000.

(e) Fair value of financial instruments

The fair values of amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. The fair value of the amounts payable on mineral property acquisitions approximates their carrying value as there was no material change to the discount rate used to calculate the fair value since initial recognition.

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

(i) Level 1 – Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash equivalents, including demand deposits and money market instruments, are valued using quoted market prices. Marketable equity securities are valued using quoted market prices in active markets, obtained from securities exchanges. Accordingly, these items are included in Level 1 of the fair value hierarchy.

(ii) Level 2 – Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

(iii) Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at December 31, 2010.

	Financial assets at fair value				
	Level 1	Level 2	Level 3	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 98,343,227	$ -	$ -	$98,343,227	$81,583,304
Held for trading	98,343,227	-	-	98,343,227	81,583,304
Accounts receivable	154,736	-	-	154,736	507,514
Financial assets	154,736	-	-	154,736	507,514
Total financial asset at fair value	$ 98,497,963	$ -	$ -	$98,497,963	$82,090,818

	Financial inputs liabilities at fair value				
	Level 1	Level 2	Level 3	December 31, 2010	December 31, 2009
Accounts payable and accrued liabilities	$ 6,308,617	$ -	$ -	$ 6,308,617	$ 2,764,557
Amounts payable on mineral property acquisition	-	1,099,339	-	1,099,339	1,013,986
Total financial asset at fair value	$ 6,308,617	$ 1,099,339	$ -	$ 7,407,956	$ 3,778,543

8. TRANSACTIONS WITH RELATED PARTIES

Pursuant to a service agreement, the Company pays Rovig Minerals, Inc., a company owned by the Company's Chairman for services provided in relation to this role. Amounts paid include reimbursement for certain personal insurance expenses and costs for office facilities in Billings, Montana. The service agreement will expire on May 15, 2011.

The Company pays Ionic Management Corp. ("Ionic"), a company related by virtue of a director and one officer in common, for corporate and administrative services in Vancouver, BC. These services are provided on a month-to-month basis and may be cancelled by either party on one month's notice.

Pursuant to a service agreement, the Company paid Mr. Steve Kesler, a director of the Company, for consulting services. The service agreement terminated on May 16, 2010, after which Mr. Steve Kesler assumed the role of President and CEO of the Company.

Transactions with related parties were in the normal course of operations and are measured at an exchange amount established and agreed to by the related parties.

In addition to the above, the Company reimburses Rovig Minerals, Inc., Ionic, and Mr. Steve Kesler for out-of-pocket direct costs incurred on behalf of the Company. Such costs include travel, postage, courier charges, printing and telephone charges.

In 2009, the Company paid Namron Advisors, a company owned by a former director of the Company, for investor relations advisory services. This was an interim arrangement that concluded when this former director assumed the role of Vice President, Corporate Development with the Company in early October 2009.

Related party expenditures recorded for the following periods were:

	Three Months Ended December 31,		Years Ended December 31,	
	2010	**2009**	**2010**	**2009**
Rovig Minerals Inc.	$ 56,638	$ 61,049	$ 408,033	$ 251,831
Ionic Management Corp.				
- administration	16,500	16,500	66,000	66,000
- consulting	-	-	-	50,400
Namron Advisors	-	-	-	14,167
Steve Kesler	-	-	108,581	-

9. CRITICAL ACCOUNTING ESTIMATES

Mineral Property and Land Costs

It is the Company's accounting policy that exploration and development expenditures incurred prior to the determination of the feasibility of mining operations are charged to operations as incurred. The Company's mineral property account on the balance sheet reflects actual costs incurred by it on acquisition costs of its properties. The realization of the Company's investment in these exploration projects is dependent upon various factors, including the discovery of economically recoverable reserves of minerals, the ability to obtain necessary financing to develop the project's potential, approval of permits and licenses from the Colombian government, upon future profitable operations, or alternatively upon the disposal of interests on an advantageous basis. The Company reviews the carrying values of its projects on a quarterly basis and if required, makes an adjustment to reflect the project's realizable value. Capitalized costs will be amortized over the estimated useful life of the properties following the commencement of production. As at December 31, 2010, amounts capitalized to mineral properties total $20.9 million.

Amounts Payable on Mineral Property Acquisition

Included in the Company's balance sheet is the fair value of the amounts payable on mineral property acquisition. The fair value of the amounts payable on mineral property acquisition was determined by discounting the stream of future cash payments at the estimated prevailing market rate for a debt instrument of comparable maturity and credit quality. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value.

Asset Retirement Obligation

The asset retirement obligation has been estimated based on the Company's interpretation of current regulatory requirements and have been measured at fair value. Fair value is determined based on the net present value of expected future cash expenditures upon reclamation and closure. Environmental rehabilitation costs are charged to exploration costs. Because the fair value measurement requires the input of subjective assumptions, including the environmental rehabilitation costs and discount rate used, changes in subjective input assumptions can materially affect the fair value estimate.

Income taxes

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values using substantively enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Fair value of stock-based compensation and warrants issued

The fair value of stock-based compensation and warrants issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

10. NEW ACCOUNTING POLICIES

(a) Business Combinations

In October 2008, the CICA issued CICA Handbook Section 1582, "Business Combinations", which establishes new standards recognition, measurement, presentation and disclosure of business acquisitions. This standard is substantially aligned with International Financial Reporting Standards. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of International Financial Reporting Standards. The Company is currently assessing the impact of this accounting standard on the Company's financial position and results from operations.

(b) Non-controlling Interests

In October 2008, the CICA issued CICA Handbook Sections 1601, "Consolidated Financial Statements" and 1602, "Non-controlling Interests", which provide revised guidance on the presentation of consolidated financial statements and accounting for non-controlling interests subsequent to a business combination. This guidance is effective for fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of this accounting standard on the Company's financial position and results from operations.

(c) International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that 2011 is the changeover date for publicly-listed companies to use IFRS. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The changeover date of January 1, 2011, will require the 2010 comparatives to be presented according to IFRS.

Key dates:

- January 1, 2010 (transition date): An opening statement of financial position according to IFRS will be prepared as at this date to facilitate the changeover to IFRS in 2011. The Company will continue to report its fiscal 2010 and comparative 2009 results according to Canadian generally accepted accounting principles ("Canadian GAAP").

- January 1, 2011 (changeover date): The date after which the Company will prepare and report interim and annual 2011 financial statements with 2010 comparatives according to IFRS.

While the Company continues to perform detailed assessments of the impact of adopting IFRS, the Company has estimated the impact of IFRS to its opening financial position under IFRS as of January 1, 2010. In estimating the opening financial position, the Company has applied the following IFRS exemptions on first-time adoption.

(i) Business combinations

The Company has elected to not apply IFRS 3 to business combinations that occurred before the date of transition to IFRS, which is an election permitted on first-time adoption of IFRS.

(ii) Cumulative translation differences

As permitted by the IFRS 1 election for cumulative translation differences, the Company has deemed cumulative translation differences for foreign operations to be zero at the date of transition. Any gains and losses on subsequent disposal of foreign operations will not be impacted by translation differences that arose prior to the date of transition.

(iii) Share-based payments

The Company has elected to apply IFRS 2 to awards unvested at the date of transition. IFRS has not been applied to awards that vested prior to January 1, 2010.

(iv) Compound financial instruments

The Company has elected to apply the exemption related to compound financial instruments. IAS 32 requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity. However, in accordance with this IFRS, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to IFRS.

(v) Decommissioning liabilities

The Company has elected to apply the exemption related to decommissioning liabilities. This exemption allows a first-time adopter to apply the requirements of IFRIC 1, dealing with changes in decommissioning liabilities, on a prospective basis from the date of transition.

(vi) Leases

The Company has elected to apply the transitional provisions of IFRIC Interpretation 4, "Determining Whether an Arrangement Contains a Lease". This election allows the Company to determine whether an arrangement existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date.

(vii) Borrowing costs

In accordance with IFRS 1, the Company has elected to prospectively apply IAS 23 effective January 1, 2010.

(viii) Estimates

IFRS 1 requires that an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the entity's previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

The Company's estimated IFRS opening financial position as of January 1, 2010, together with estimated differences between IFRS and Canadian GAAP is presented below. The accompanying explanatory notes provide a description of the differences between Canadian GAAP and IFRS affecting the Company. The estimated financial position and differences have not been audited by the Company's auditors and are subject to change as the Company continues to perform detailed assessments of the impact of adopting IFRS.

Unaudited and Estimated Financial Position as at January 1, 2010

	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (vii)	Effect of functional currency adjustment (i)	IFRS
	CDN$	CDN$	US$	US$	US$
ASSETS					
Current assets:					
Cash and cash equivalents	$ 81,583,304	$ -	$ (3,632,507)	$ -	$ 77,950,797
Trade and other receivables	585,340	-	(26,063)	-	559,277
	82,168,644	-	(3,658,570)	-	78,510,074
Property, plant and equipment	1,033,517	-	(46,017)	(139,708)	847,792
Exploration and evaluation assets (vi)	18,590,951	(8,612)	(827,381)	(2,471,858)	15,283,100
	$ 101,793,112	$ (8,612)	$ (4,531,968)	$ (2,611,567)	$ 94,640,966
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Trade and other payables	$ 2,764,557	$ -	$ (123,092)	$ -	$ 2,641,465
Amounts payable on exploration and evaluation asset acquisition (vi)	568,346	8,244	(25,727)	-	550,863
Environmental rehabilitation provision (v)	713,666	(91,103)	(27,720)	(58)	594,785
Warrant liabilities (iii) and (iv)	-	34,387,573	(1,531,111)	-	32,856,462
	4,046,569	34,304,714	(1,707,650)	(58)	36,643,575
Amounts payable on exploration and evaluation asset acquisition	445,640	26,272	(21,056)	-	450,856
Environmental rehabilitation provision (v)	629,189	(42,096)	(26,140)	(55)	560,898
	5,121,398	34,288,889	(1,754,846)	(113)	37,655,329
Shareholders' equity:					
Share capital (i)	207,735,611	(9,159,992)	(28,695,413)	-	169,880,206
Warrants (iii) and (iv)	15,277,614	(15,277,614)	-	-	-
Equity reserve (i)	10,880,978	1,171,573	(2,021,436)	-	10,031,115
Deficit	(137,222,489)	(11,031,469)	25,328,273	-	(122,925,685)
Cumulative translation adjustment	-	-	2,611,454	(2,611,454)	-
Equity attributable to equity holders of the Company	96,671,714	(34,297,501)	(2,777,122)	(2,611,454)	56,985,637
	$ 101,793,112	$ (8,612)	$ (4,531,968)	$ (2,611,567)	$ 94,640,966

Explanatory notes

(i) Functional currency

Under Canadian GAAP - Companies apply criteria to determine whether a foreign subsidiary's operation is integrated or self-sustaining, in which case the temporal and current methods of translation, respectively, are then applied to the subsidiary's financial statement balances and results of operations. The Company uses the temporal method to translate foreign currency transactions into Canadian dollars.

Under IFRS - The concepts of integrated and self-sustaining foreign operations do not exist under IAS 21 "The Effects of Changes in Foreign Exchange Rates;" rather, a reporting entity and each of its foreign operations must identify its "functional currency", defined as "the currency of the primary economic environment in which the entity operates." Management has determined that the functional currencies of Greystar Resources Ltd., its Columbian branch and subsidiaries are the U.S. dollar as this is the currency of the primary economic environment in which the Company operates. The Company has converted transactions and balances denominated in foreign currencies into U.S. dollars in accordance with IFRS.

(ii) Share-based payments

Under Canadian GAAP - The fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

Under IFRS - Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the estimated lives of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

(iii) Share purchase warrants

Under Canadian GAAP – The Company's share purchase warrants are measured at fair value at initial recognition using the Black-Scholes option pricing model, and recorded in equity reserve with no subsequent re-measurement.

Under IFRS – The exercise prices of the Company's share purchase warrants are denominated in Canadian dollars, which is not the Company's functional currency, being the U.S. dollar. As a result, the share purchase warrants meet the definition of derivatives and are measured as financial liabilities at fair value through profit and loss ('FVTPL") at grant date and the end of each reporting period. The fair value of the share purchase warrants is determined using the Black Scholes option pricing model.

(iv) Compound financial instruments

Under Canadian GAAP – The Company raised equity by issuing units that consisted of common shares and share purchase warrants. The gross proceeds were allocated to common shares and warrants using the relative fair value method.

Under IFRS – IAS 32 requires an entity to split a compound financial instrument at inception into separate liability and equity components. As the share purchase warrants are classified as liabilities, the Company allocated the gross proceeds to common shares and warrant liability using the residual method as required by IAS 32.

(v) Environment rehabilitation provision

Under Canadian GAAP – The Company uses the best estimate that a third party would charge for the remediation work to measure the reclamation and closure cost obligations. In addition, the Company uses the credit-adjusted pre-tax risk-free interest rate as a discount rate to measure the net present value of undiscounted estimated future cash flows.

Under IFRS – Under IAS 37, reclamation and closure cost obligations are measured based on management's best estimate of the expenditures required to settle the obligations as at the balance sheet date. In the case that management intends to perform the reclamation and closure activities internally at a lower cost than if they were performed externally, the lower costs are used to represent management's best estimate. In addition, the discount rate used to determine the present value of reclamation and closure cost obligations is the pre-tax rate that does not reflect risks for which future cash flow estimates have been adjusted.

(vi) Amounts payable on exploration and evaluation asset acquisition

Under Canadian GAAP – The Company acquired surface rights for which some payments are due in the future. This obligation has been recorded as amounts payable on exploration and evaluation asset acquisition and have been discounted to reflect its non-interest bearing feature. The Company used credit-adjusted pre-tax risk-free interest rate to discount this obligation and record the value of the mineral interest.

Under IFRS – The discount rate to be used to determine the present value of this obligation is the pre-tax rate that does not reflect risks for which future cash flow estimates have been adjusted.

(vii) Change in presentation currency

The Company previously presented its financial statements in Canadian dollars. Under IFRS, the Company's financial statements are presented in US dollars, the same as its functional currency. The change in presentation currency results in a cumulative translation adjustment and under IFRS 1, the Company has elected to eliminate the cumulative translation adjustment on the IFRS transition date.

11. OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

12. OUTSTANDING SHARE DATA

The Company has only one class of share capital, common shares without par value. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also has a stock option plan.

The following are outstanding at March 23, 2011:

Common shares	**84,222,987**
Shares issuable on the exercise of warrants	**3,330,686**
Shares issuable on the exercise of outstanding stock options	**6,023,555**

13. RISKS AND UNCERTAINTIES

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material respects with regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. In particular, the development of the Angostura gold-silver project may be materially affected by the outcome of the Company's application for an environmental permit with MAVDT. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral property is located in Colombia. The Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry. The acquisition of mining title in Colombia is a very detailed and time-consuming process. In addition, title to mining rights may be disputed.

The Company has incurred losses since its inception and will not achieve profitability until such time as the Angostura Project can be developed into a profitable operation.

For additional information on risk factors, refer to the Risk Factors section of the Company's Annual Information Form for the year ended December 31, 2010, which can be found on SEDAR at www.sedar.com.

14. INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian Securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and include controls and procedures designed to ensure such information is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer has evaluated the design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2010, and based upon this evaluation, the CEO and the CFO have concluded that these disclosure controls and procedures, as defined by National Instrument 52-

109, Certification of Disclosure in Issuers' Annual and Interim Filings, are effective for the purposes set out above.

Internal Controls over Financial Reporting

Management is responsible for the establishment, maintenance and testing of adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

The Company's management and the Board of Directors do not expect that its disclosure controls and procedures or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that the control system's objectives will be met.

Further, the design, maintenance and testing of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control gaps and instances of fraud have been detected. These inherent limitations include the reality that judgment in decision-making can be faulty, and that simple errors or mistakes can occur. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design, maintenance and testing of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any control system may not succeed in achieving its stated goals under all potential future conditions.

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the design and the effectiveness of the Company's internal control over financial reporting as of December 31, 2010 based on Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that the Company's internal control over financial reporting, as defined by National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP.

There has been no change in the Company's internal control over financial reporting during the year ended December 31, 2010, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

15. FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this MD&A, including information as to the future financial or operating performance of the Company, and its projects, constitute forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements include, among other things, statements regarding the estimation of mineral resources, success of exploration activities, currency fluctuation, the future price of gold and silver, governmental regulation of mining operations, and estimated gold recoveries. Forward-looking statements are based upon a number of estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Greystar believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable by the Company, they are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among other things, the outcome of the Company's application for an environmental permit with the MAVDT, risks relating to the Company's ability to obtain adequate financing for the development of the Angostura Project, conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and silver, possible variations in ore reserves, grade or recovery rates; risks related to fluctuations in the currency market, risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict the Company's operations; risks relating to title disputes; risks relating to all the Company's properties being located in Colombia, including political, economic and regulatory instability, 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. These factors and others that could affect Greystar's forward-looking statements are discussed in greater detail in the section headed "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2010, which can be found on SEDAR at www.sedar.com. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this MD&A, or in the case of documents incorporated by reference herein, as of the date of such document, and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

16. QUALIFIED PERSONS

All technical information, except for the PEE, about the Company's mineral properties contained in this Management's Discussion and Analysis has been prepared under the supervision of Frederick Felder, P. Geo, an officer of the Company, who is a "qualified person" within the meaning of National Instrument 43-101 and Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in respect of AIM companies, which outline standards of disclosure of mineral projects.

The information in the PEE has been reviewed and approved by Mr. Rodrigo Mello, Senior Geologist, a "qualified person" as that term is defined in National Instrument 43-101 and

Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in respect of AIM companies, which outline standards of disclosure of mineral projects. Mr. Mellow is a geologist with more than 25 years of industry experience and is a member in good standing with the Australian Institute of Mining and Metallurgy.

March 23, 2011.