EXCHEQUER RESOURCE CORP.

Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Fiscal Quarter Ended March 31, 2011

General

The following discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements and notes for three months ended March 31, 2011 as well as the audited Financial statements for the fiscal years ended December 31, 2010 and 2009. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. The date of the Management Discussion and Analysis is June 23, 2011. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com

The annual financial statements for the year ended December 31, 2010 were prepared in accordance with Canadian generally accepted accounting principles (“CAGAAP”). The unaudited condensed interim financial statements for the quarter ended March 31, 2011 are prepared in accordance with IAS 34 under International Financial Reporting Standards (“IFRS”). These are the Company’s first IFRS interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ended December 31, 2011. IFRS 1 – First-time Adoption of International Financial Reporting has been applied. Previously the Company prepared its financial statements in accordance with CAGAAP. IFRS employs a conceptual framework that is similar to CAGAAP. The adoption of IFRS has not changed the interim Statement of Financial Position, Statement of Operations, Comprehensive Loss and Deficit, Statement of Changes in Equity and Statement of Cash Flows as previously reported under CAGAAP. No transitional adjustments were made when converting from CAGAAP to IFRS.

All prices are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “progressing”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

Exchequer Resource Corp. is primarily in the mineral exploration business. The Company had one active property, the Georgia River property. During the fiscal year ended December 31, 2010 the Company disposed of its Georgia River Mineral Property to Auramex Resource Corp. (“Auramex”), a company listed on the TSX Venture Exchange. As consideration, on August 26, 2010 the Company received 2,500,000 Auramex common shares. The fair value of the Auramex shares was $0.06 per share for a total of $150,000 on that date. The market value of the shares held by the Company as March 31, 2011 was $87,500 (December 31, 2010: $112,500). The loss in market value has been recorded in the Statements of Operations in accordance with the Company’s designation of the marketable securities as fair value through profit or loss.

During the year and on September 18, 2009 the Company was granted the exclusive right to negotiate for the acquisition of a business which is in the process of completing a new environment for broadcasting digital video content over the internet using Internet Protocol. The exclusive right takes effect following a due diligence period of up to six months, and consequently during the fiscal year ended December 31, 2009 the Company expanded its scope of operations to the research and development of technologies related to broadcasting digital video content over the internet using Internet Protocol. On December 31, 2010, management terminated any and all agreements and/or contract with regard to this project. The Company is currently looking for new projects.

The condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these interim financial statements have been prepared using the accrual basis of accounting except cash flow information.

The condensed financial statements include the accounts and operations of the Company and its special purpose entity as follows:

Megasoft Digital Video Broadcast Services Corp. (“MDVB”) was incorporated under the laws of British Columbia on July 15, 2009 and was a special purpose entity to the Company. This was determined by the management of the Company as the Company was considered to have control, where control is defined as the power to govern financial and operating policies.

All significant inter-company accounts and transactions have been eliminated upon consolidation.

As a result of the termination by management of all agreements and /or contracts with regard to the MDVB project, the Company has deconsolidated MDVB as of December 31, 2010. The statements of operations, comprehensive loss and deficit, for the year ended December 31, 2010, included the financial results of MDVB up to December 31, 2010, which is the point of termination. Upon the termination of agreement / contract with MDVB, the net liability of MDVB was assigned to the Company which the Company recognized $Nil loss/gain upon the termination and deconsolidation of MDVB.

In fiscal year 2010, the Company signed a Memorandum of Understanding ("MOU") the negotiation of the potential acquisition of Media Link Technology Corporation ("Media Link"). Media Link, a British Columbia, private company, has developed the technology for the distribution of existing television over the open Internet to wired and wireless devices. This new distribution technology, through Internet Protocol Television ("IPTV") Set-top Boxes, will allow wireless devices such as iPhones, iPads, Slate PCs, Netbooks, etc. to receive conventional TV programming. As at March 31, 2011, the Company advanced money to Media Link of $104,778 (December 31, 2010: $29,420 and January 1, 2010: $Nil). A major shareholder of Media Link is a director and officer of the Company. The amount is unsecured, non-interest bearing and due on demand.

The condensed financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The recoverability of capitalized costs is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives dependent on the Company’s ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future.

	March 31 2011	**December 31 2010**	**January 1 2010**
Deficit	$ (8,629,241)	$ (8,549,179)	$ (8,092,189)
Working capital	$ 163,823	$ 319,243	$ 101,872

Selected Annual Information

	2010	**2009**	**2008**
Sales or Revenue	$ -	$ -	$ -
Loss before Non Controlling Interest	456,990	470,040	119,671
Net Loss	456,990	455,039	119,671
Total Assets	474,283	153,538	2,796

Interest in Mineral Property

Georgia River Mineral Property

As at January 1, 2010, the Company owned twenty mineral claims in the Georgia River gold property located in the Skeena Mining Division, British Columbia which is recorded at a nominal carried value of $1.

During the fiscal year ended December 31, 2010 During the fiscal year ended December 31, 2010 the Company disposed of the claims and recorded a gain on disposal of $149,999.

Marketable securities

During the fiscal year ended December 31, 2010 the Company disposed of its Georgia River Mineral Property to Auramex Resource Corp. ("Auramex"), a company listed on the TSX Venture Exchange. As consideration, on August 26, 2010 the Company received 2,500,000 Auramex common shares. The shares are recorded at fair value of $0.06 per share for a total of $150,000. The market value of the shares held by the Company, as at March 31, 2011 was $87,500 (December 31, 2010: $112,500). The loss in market value has been recorded in the statements of operations in accordance with the Company's designation of the marketable securities as fair value through profit or loss.

Research and development

On September 18, 2009 the Company entered into a letter agreement with Kofi Obiri-Yeboah ("Kofi"), Megasoft Engineering Corporation ("Megasoft") and MDVB pursuant to which the Company agreed to assist and fund and potentially acquire the business of creating an environment for broadcasting digital video content over the internet to Internet Protocol Television. The terms of the agreement included the payment of $50,000 upon execution of the agreement (paid) and the additional funding over a six month period of up to $400,000 (fully paid subsequent to December 31, 2009) by way of non-interest bearing loans to MDVB to support the operational and developmental program of such technologies, such loans being repayable one year from the date of the agreement. Subject to a due diligence, the Company will, for a period of up to one year, have in its sole discretion, the exclusive right to negotiate a legally binding agreement for the acquisition of the technologies, which is contemplated to consist of the issuance by the Company of 15,000,000 shares to the current shareholders of MDVB in exchange for 100% of their shares and the additional payment of $150,000 to Kofi. As at December 31, 2010, the Company had advanced funding of $740,554 (2009: $307,563) pursuant to the above.

The costs incurred prior to and after the agreement were determined to be the in-process research and development costs, which were expensed as at December 31, 2010 and 2009.

On December 31, 2010, management terminated any and all agreements and/or contract with regard to this project.

Results of Operations

During the three months ended March 31, 2011, the Company had a net loss of $(80,062) or $(0.01) per share compared with a loss of $(214,795) or $(0.01) per share for the three months ended March 31, 2010. During fiscal 2010 the Company realized a gain from the disposition of its Georgia River Property which it carried at a nominal value of $1 for 2.5 million shares of Auramex Resource Corp. at a fair value of $150,000. A subsequent decline in the market value of these shares resulted in an unrealized loss on marketable securities in the amount of $37,500 reported during the fiscal year ended December 31, 2010, and a further decline reported in the amount of $25,000 during the three months ended March 31, 2011.

Operating Expenses

Amounts by major sub-category are as follows:

	Three months ended March 31,	
	2011	2010
	$	
General and Administrative Expenses		
Filing and transfer agent fees	6,065	3,410
Management	7,500	7,500
Office expenses	918	374
Professional fees	18,800	17,873
Research and development	-	181,977
Travel and promotion	21,779	3,661
	55,062	214,795
Other item		
Loss on marketable securities	(25,000)	-
Net loss and comprehensive loss for the period	(80,062)	(214,795)

Fiscal quarter ended March 31, 2011

Certain expenses were comparable between the current and prior year, such as management fees and office expenses. Filing and transfer fees relate to submissions to the regulatory authorities and to the maintenance of the share records by the Company's transfer agent. Management fees are paid or accrued to the Company's Chief Executive Officer for management services he provides to the Company. Office expenses were incurred for maintenance of the Company's office.

During the comparative period ended March 31, 2010, the Company incurred research and development costs in the amount of $181,977 in connection with the exclusive right to acquire the technology and consolidation of Megasoft Digital Video Broadcast Services Corp. ("MDVB") and in pursuit of additional business opportunities. The Company terminated this agreement on December 31, 2010, thus no similar expenditures were incurred during fiscal 2011.

Professional fees were incurred during fiscal 2011 for audit and accounting services. Travel and promotion that relate to the Company's efforts to explore new and existing business opportunities and to raise financings.

A decline in the market value of securities held by the Company as at March 31, 2011 resulted in an unrealized loss reported in the amount of $25,000 based on the Company's classification of such securities as fair value through profit or loss.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Statement of Compliance and Conversion to International Financial Reporting Standards

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Reporting Interpretations Committee (IFRIC). They do not include all of the information required for full annual financial statements.

These are the Company's first IFRS condensed interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ended December 31, 2011. IFRS 1 – First-time Adoption of International Financial Reporting has been applied.

Previously the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles (CAGAAP). In preparing these financial statements, management has amended certain accounting and measurement methods previously applied in the Canadian GAAP financial statements to comply with IFRS. Note 12 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, loss and comprehensive loss along with line-by-line reconciliations of the statements of financial position as at December 31, 2010 and January 1, 2010 and the statement of comprehensive loss for the year ended December 31, 2010.

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010.

Marketable securities

Marketable securities are classified as fair value through profit or loss (FVTPL) because the Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities. Unrealized holding gains and losses related to FVTPL securities are included in the statement of income and comprehensive income in each period.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets and crediting all revenues received against the cost of the related interests. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs, related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent up on the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognized as income any costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of exploration and evaluation costs into mine development, all subsequent expenditures on the construction, installation or completion of infrastructure facilities is capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines.

Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets, property and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.
The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Research and development costs

All research and development costs are expensed when incurred unless they meet specific criteria for deferral and amortization. The Company reassesses whether it has met the relevant criteria for deferral and amortization at each reporting date. Development costs deferred are not amortized until completion of the related development project.

Significant accounting judgments and estimates

The preparation of interim financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities , in the event that actual results differ from assumptions made, relate to , but are not limited to, the following:

- the carrying value of the investment and advancement, and the estimated annual gains or losses recorded on the investment, and the recoverability of the carrying value which are included in the statement of financial position;
- the estimated value of the exploration and development costs which is recorded in the statement of financial position and the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties where applicable.
- the inputs used in accounting for share based payments expense in the statement of comprehensive loss;
- the composition of deferred income tax assets and liabilities included in the notes to financial statements;
- the inputs used in determining the various commitments and contingencies accrued in the statement of financial position;

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the January 1, 2010 reporting period. The following standards are assessed not to have any impact on the Company's financial statements.

- IFRS 9 – Financial Instruments: effective for accounting periods commencing on or after January 1, 2013. The standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39. It divides all financial assets that are currently in the scope of IAS 39 into two classifications: amortized cost and those measured at fair value. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

- IFRS 7 - Financial Instruments—Disclosures: Amendments to IFRS 7 were issued by adding "Disclosures—Transfers of Financial Assets" in October 2010. This amendment requires disclosure information to enable users of financial statements to (a) understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities, and (b) evaluate the nature of, and risks associated with, the continuing involvement in derecognized financial assets.This amendment is required to be applied for annual periods beginning on or after July 1, 2011 with earlier adoption permitted. The Company has not yet assessed the impact of the amendment or determined whether it will adopt the amendment early.

- IFRS 12 - Amendments to IAS 12 were issued by adding "Deferred Tax: Recovery of Underlying Assets" issued in December 2010. This amendment illustrates circumstances where the tax base of an asset or liability is not immediately apparent. With certain limited exceptions, a deferred tax liability (asset) shall be recognized whenever recovery or settlement of the carrying amount of and asset or liability would make future tax payments larger (smaller) than they would be if such recovery or settlement were to have no tax consequences. Circumstances are illustrated when, for example, the tax base of an asset or liability depends on the expected manner of recovery or settlement. This amendment is required to be applied for annual periods beginning on or after January 1, 2012 with earlier adoption permitted. The Company has not yet assessed the impact of the amendment or determined whether it will adopt the amendment early.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

Financial Instruments

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had a cash and cash equivalents balance of $216,592 (December 31, 2010 - $327,781 and January 1, 2010 - $151,466) to settle current liabilities of $149,050 (December 31, 2010 - $125,620 and January 1, 2010 - $51,665). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

(b) Foreign currency risk

As at March 31, 2011, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign exchange rate risk.

The Company does not hold balances in foreign currencies which would give rise to exposure to foreign exchange risk.

Fair value hierarchy

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the three months ended March 31, 2011, cash and cash equivalents and marketable securities are assessed to be Level 1 instruments.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at March 31, 2011, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

Outstanding Share Data

(a) Authorized:

Unlimited number of common shares with no par value.

(b) Issued and outstanding:

	Number of Shares	Stated Capital
Balance, January 1, 2010	20,982,832	8,093,651
Shares issued for cash	1,000,000	100,000
Shares issued upon exercise of stock options	40,000	4,400
Shares issued upon exercise of warrants	5,993,800	599,380
Reallocated from contributed surplus	-	4,531
Balance, December 31, 2010 and March 31, 2011	28,016,632	8,801,962

On January 8, 2010 the Company issued shares pursuant to a non-brokered private placement of 1,000,000 units at $0.10 per unit totalling $100,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of $0.10 per share, exercisable on or before January 8, 2011. The Company applied the residual approach which allocates the net proceeds to the common shares up to their fair value and the balance to the attached warrants. All of the proceeds from the above private placement have been allocated to the common shares.

On October 15, 2010 the Company issued 40,000 shares pursuant to the exercise of stock options at a price of $0.11 per share for proceeds in the amount of $4,400. $4,531 was reallocated from contributed surplus to share capital in connection with the exercise of stock options.

During the fiscal year ended December 31, 2010 the Company issued 5,993,800 shares pursuant to the exercise of warrants at $0.10 per share.

Stock options:

The Company has a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

A summary of stock option activity is as follows:

	Number of options	**Weighted-average exercise price**
Balance, January 1, 2010	785,002	$ 0.11
Expired	(16,544)	0.10
Exercised	(40,000)	0.11
Balance, December 31, 2010 and March 31, 2011	728,458	$ 0.11

The Company has the following options outstanding and exercisable:

Expiry Date		Weighted average exercise price	Weighted Average Number of Shares	Weighted Average Remaining Contractual Life (Years)
August 8, 2011	$	0.11	268,458	0.36
September 24, 2010	$	0.11	460,000	1.49
	$	0.11	728,458	1.07

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

Warrants:

As at March 31, 2011 the following warrants were outstanding:

	Number of warrants	Weighted-average exercise price
		$
Balance, January 1, 2010	11,760,000	0.10
Expired	(250,000)	0.10
Issued and expiring on or before January 8, 2011	1,000,000	0.10
Balance, March 31, 2010	12,510,000	0.10
Expired	(5,516,200)	0.10
Exercised	(5,993,800)	0.10
Balance, December 31, 2010	1,000,000	0.10
Expired	(1,000,000)	0.10
Balance, March 31, 2011	-	-

11,760,000 warrants were issued during the fiscal year ended December 31, 2009.

During the fiscal ended December 31, 2010, 1,000,000 warrants were issued, all of which were subsequently expired unexercised on January 8, 2011. There were 5,766,200 warrants expired unexercised and 5,993,800 warrants exercised at $0.10 per warrant. See Share Capital above for details.

Related Party Transactions

During the three months ended March 31, 2011, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $7,500 (2010: $7,500) to a Director and Chief Executive Officer of the Company. Included within accounts payable and accrued liabilities as at March 31, 2011 is $20,221 (December 31, 2010: $14,882) owing thereto.

b) Paid or accrued professional fees of $3,500 (2010: $2,500) to the Company's Chief Financial Officer for providing accounting services. Included within accounts payable and accrued liabilities as at March 31, 2011 is $3,920 (December 31, 2010: $Nil) owing thereto.

c) Paid or accrued professional fees of $Nil (2010: $3,133) to a law firm of which a director of the Company is a principal. Included within accounts payable and accrued liabilities as at March 31, 2011 is $nil (December 31, 2010: $1,582) owing thereto.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related party.

Liquidity and Capital Resources

The Company has financed its operations primarily from proceeds from the sale of shares.

As at March 31, 2011 the Company had working capital of $163,823 compared to working capital of $319,423 as at December 31, 2010.

Cash provided by issuance of new common shares during the three months ended March 31, 2011 was $Nil. During the fiscal year ended December 31, 2010 cash provided by subscriptions to new common shares was $798,780, net of share issuance costs.

The Company believes that funds on hand will be sufficient to fund its cash requirements through 2011. However, the Company plans to issue more securities at such time as it believes additional capital could be obtained on favourable terms. There can be no assurance that such funds can be available on favourable terms, if at all.

Subsequent Events

There were no significant events that occurred subsequent to March 31, 2011.

Risks and Uncertainties

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under applicable agreement. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's intended business operations with the possible dilution or loss of such interest. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of intended business operations. There is no assurance that the Company can operate profitably or that it will successfully implement its plans.

The Company is in development stage and has no operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses and difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company operates at a loss and there is no assurance that the Company will ever be profitable.

Transition to International Financial Reporting Standards

As stated In Note 2, these are the Company's first interim financial statements prepared in accordance with IFRS.

The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"). The first date at which IFRS was applied was January 1, 2010 ("Transition Date"). IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS.

IFRS 1 requires that the same policies are applied for all periods presented in the first IFRS financial statements and that those policies comply with IFRSs in effect as at the end of the first IFRS annual reporting period. Accordingly, the opening IFRS statement of financial position, 2010 comparatives and current year financial statements have been prepared using the same policies. The previously presented 2010 Canadian GAAP financial information has been reconciled to the IFRS information as part of this transition note in accordance with the requirements of IFRS 1.

Further, the policies applied have been done so on a full retrospective basis unless an alternative treatment is permitted or required by an IFRS 1 election or exception. These are discussed below.

Elections upon first-time adoption of IFRS

The IFRS 1 exemptions applied by the Company in the conversion from Canadian GAAP to IFRS are as follows:

(i) Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 (2008) *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to apply IFRS 3 (2008) to only those business combinations that occurred on or after the Transition Date and such business combinations have not been restated. As a result of this election, no adjustments were required to the Company's statement of financial position as at the Transition Date.

(ii) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive income for prior periods presented under Canadian GAAP to IFRSs as of the same date. In addition, an explanation is required for any material adjustments to cash flows to the extent that they exist. The analysis which follows represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted:

(iii) Share-based payment transactions

IFRS 1 permits the Company to apply IFRS 2 *Share-based Payment* only to awards granted on or after the transition date. The Company is also required to apply IFRS 2 to equity instruments that were granted on or after November 7, 2002 that vest after the date of transition to IFRS.

IFRS 2, similar to Canadian GAAP, requires the Company to measure share-based compensation related to share purchase options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, under IFRS 2, the recognition of such expense must be done with a "graded vesting" methodology as opposed to the straight-line vesting method allowed under Canadian GAAP. In addition, under IFRS, forfeitures estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods; while under Canadian GAAP, forfeitures of awards are recognized as they occur.

All of the stock options granted by the Company vested before January 1, 2010. As a result, the adoption of IFRS had no impact on the share-based payment transactions as the Company has elected this exemption under IFRS 1.

(iv) Reclassification within equity section

Under Canadian GAAP, a balance within contributed surplus existed to record the issuance of warrants and equity-settled employee benefits. Upon adoption of IFRS, the balances in these accounts have been reclassified to “Reserves – Equity Settled Employee Benefits” and “Reserves – Warrants”.

Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available for early adoption on December 31, 2011, the Company’s first annual IFRS reporting date. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.
The following summarizes the significant changes to the Company’s accounting policies on adoption of IFRS:

i) Impairment of (Non-financial) Assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.
The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

Transition date unaudited condensed statement of financial position

The Company’s Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited condensed interim statements of financial position in these financial statements. The changes in accounting policies resulting from the Company’s adoption of IFRS had no impact on the unaudited interim statement of financial position as at the transition date of January 1, 2010.

Reconciliation of comprehensive loss and equity

The changes in accounting policies resulting from the Company’s adoption of IFRS had no impact on the Company’s comprehensive loss and equity as at December 31, 2010.

Presentation

Certain amounts on the unaudited condensed statement of financial position, statement of loss and comprehensive loss and statement of cash flows have been reclassified to conform to the presentation adopted under IFRS.

Summary of Quarterly Results

The following table sets out selected quarterly information for the eight most recent quarters ended March 31, 2011:

Quarters ended in 2011 fiscal year				**March 31** **$**
Gain on disposal of mineral property				-
Income (loss)				(80,062)
Income (loss) per common share				(0.01)
Quarters ended in 2010 fiscal year	**December 31** **$**	**September 30** **$**	**June 30** **$**	**March 31** **$**
Gain on disposal of mineral property	-	149,999	-	-
Income (loss)	(69,832)	90,589	(262,952)	(214,795)
Income (loss) per common share	(0.01)	0.01	(0.01)	(0.01)
Quarters ended in 2009 fiscal year	**December 31** **$**	**September 30** **$**	**June 30** **$**	
Revenue	-	-	-	
(Loss)	(393,614)	(25,516)	(17,873)	
Loss per common share	(0.04)	(0.00)	(0.00)	

EXCHEQUER RESOURCE CORP.

CORPORATE DATA

June 23, 2011

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Sandra Morton	Secretary
Kenneth C. Phillippe	CFO

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CAPITALIZATION

Authorized:	Unlimited number of common shares, no par value
Issued:	28,016,632
Options:	728,458
Warrants:	Nil

LISTINGS

TSX Venture Exchange
Trading Symbol: EXQ.H
CUSIP #: 210755