

EXPEDITION MINING INC.
(Formerly Universal Uranium Ltd.)
MANAGEMENT DISCUSSION & ANALYSIS
For the Six Months Ended March 31, 2011

Directors and Officers as at May 19, 2011

Directors:

Ron Atlas
Steve Chan
John Hite
Corry Silbernagel
Bert Jeffries

Officers:

President – Ron Atlas
C.F.O. – Jorge Avelino
Executive Vice-president – Bill Galine

Contact Names:

Bill Galine
Jorge Avelino

Telephone Number:

604-662-3903

Fax Number:

604-662-3904

EXPEDITION MINING INC.
(Formerly Universal Uranium Ltd.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Six Months Ended March 31, 2011

1.1 Date of This Report

May 19, 2011

This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Description of Business

Expedition Mining Inc. is involved in the acquisition, exploration and development of mineral properties. The Company has mineral properties interest in the Brew Property and the Joy property both located in the White Gold District, Yukon Territory, and in the Tact & Buff Property located in the Battle Mountain District, Nevada, which are in the exploration and development stages.

During the six months ended March 31, 2011, the Company continued to actively review and assess alternative mineral properties in North America for possible acquisitions with a view of enhancing shareholder value.

1.3 Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	<u>Sept. 30, 2010</u>	<u>Sept. 30, 2009</u>	<u>Sept. 30, 2008</u>
(a) Total income	\$661,390	\$93,273	\$25,989
(b) Loss before other items			
(i) Total loss	\$528,666	\$633,226	\$573,604
(ii) Loss per share – basic	\$0.00	\$0.01	\$0.01
(iii) Loss per share – diluted	\$0.00	\$0.01	\$0.01
(c) Net loss			
(i) Total loss	\$64,292	\$5,614,237	\$8,052,251
(ii) Loss per share – basic	\$0.00	\$0.12	\$0.18
(iii) Loss per share – diluted	\$0.00	\$0.12	\$0.18
(d) Total assets	\$3,027,768	\$3,626,402	\$8,536,769
(e) Total long-term liabilities	-	-	-

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the consolidated financial statements of the Company and notes attached hereto.

Results of Operations

During the six months ended March 31, 2011, the Company reported a net income of \$100,500 as compared to net income of \$44,668 for the six months ended March 31, 2010. The increase (\$55,832) is specifically related to the gain on sale of Crosshair shares in the current period of \$191,334 and its adjustment to fair-value of \$769,379. Operating expense for the six months ended March 31, 2011 was \$245,308 as compared to \$331,248 for the six months ended March 31, 2010. The most significant decrease was in legal expense, which decreased by \$79,899. In the previous period, the Company was involved in Crosshair law suit, which was settled in April of 2010.

Operating expenses decreased by \$85,940 as per table below:

Expenses Category	31-Mar-11	31-Mar-10	Increase (Decrease)
- Bank charges & interest	352	9,534	(9,182)
- Consulting fees	300	-	300
- Corporate & admin	19,2538	1,238	18,015
- Directors' fees	12,565	6,366	6,199
- Filing fees & transfer agent fees	13,079	10,857	2,222
- Legal & accounting	38,817	116,117	(77,300)
- Management fees	100,049	103,349	(3,300)
- Office rent, services & supplies	29,739	38,644	(8,905)
- Property reclamation costs	-	25,299	(25,299)
- Shareholders' information	18,926	12,834	6,092
- Travel, meals & entertainment	12,228	7,010	5,218
Total	245,308	331,248	(85,940)

The following are the explanations for the changes:

- Interest expense decreased by \$9,182 – In the comparative figure, the Company incurred \$9,534 interest expense from the Canaccord loan, which was secured by the Asset-Back Paper.
- Corporate & admin increased by \$18,015 – During the current period, the Company engaged the services of an additional corporate & admin person for \$2,000 per month.
- Directors' fees increased by \$6,199 – This increase is due to timing difference.
- Filing fees & transfer agent fees increased by \$2,222 – Although the increase is insignificant, this was due to the private placement during the period.
- Legal and accounting expense decreased by \$77,300 – In the comparative 2009 figures, the Company was involved in the Crosshair lawsuit, which was eventually settled in April 2009.
- Management fees decreased by \$3,300 – The president is paid in US\$ and the decrease is due to the foreign exchange rate.
- Office expenses and salaries decreased by \$8,905 – The decrease is due to reclassification. In the comparative period, the person in charge of corporate and admin was under the payroll. The replacement person is a consultant (see above).
- Property reclamation costs decreased by \$25,299 – In the comparative period, the Company engaged the services of a geologist in order to receive the Lisbon Property reclamation bond.
- Shareholders information, travel and entertainment increased by \$11,310 – The increase is due to increased activities (see breakdown below).

1.4 **Results of Operations** (continued)

Discussion of Acquisitions, Operations and Financial Condition (continued)

Shareholders Communication and Travel

The Company reported shareholders communication and travel expenses totaling \$12,650 (2009 - \$10,441) and broken down as follows:

	31-Mar-11	31-Mar-10
Communication & information	\$ 3,150	\$ 917
Conferences & shows	2,250	-
Press releases	1,560	936
Printing, mail-out & supplies	1,265	3,986
Telephone & website	10,382	6,995
Travel & promotion	12,547	7,010
	<u>\$ 31,154</u>	<u>\$ 19,844</u>

1.4.1 **Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	<u>Q2 31-Mar-11</u>	<u>Q1 31-Dec-10</u>	<u>Q4 30-Sep-10</u>	<u>Q3 30-Jun-10</u>
Net Income (loss)	(744,708)	845,208	410,002	(518,962)
Per Share	(0.02)	0.02	0.01	(0.01)
	<u>Q2 31-Mar-10</u>	<u>Q1 31-Dec-09</u>	<u>Q4 30-Sep -09</u>	<u>Q3 30-Jun-09</u>
Net Income (loss)	463,619	(418,951)	(5,129,482)	247,937
Per Share	0.01	(0.01)	(0.10)	(0.00)

Discussion

Six months ended March 31, 2011:

For the six months ended March 31, 2011, please refer to Section 1.4 Results of Operations.

MINERAL PROPERTIES

Brew Property – Yukon

On May 4, 2010, the Company announced the completion of an option and joint venture agreement with Aldrin Resource Corp. ("Aldrin"), whereby the Company can earn a 50% interest in Ryanwood Exploration's Brew property. The Brew property is located in the White Gold District, Yukon Territory.

The Company may acquire its 50% interest in the Brew property over a three year period subject to the following:

- a) Pay Aldrin \$125,000 on or before December 31, 2010 (paid);
- b) Pay Ryanwood:
 - (i) \$75,000 on or before June 26, 2010 (paid);
 - (ii) \$75,000 on or before June 26, 2011;
 - (iii) \$75,000 on or before June 26, 2012; and
 - (iv) \$75,000 on or before June 26, 2013;

MINERAL PROPERTIES (continued)

Brew Property – Yukon (continued)

- c) Incur expenditures:
 - (i) \$300,000 on or before November 15, 2010 (incurred);
 - (ii) \$400,000 on or before November 15, 2011; and
 - (iii) \$650,000 on or before November 15, 2012.

In addition, the Company will pay Aldrin 50% of the Aldrin shares issuable by Aldrin to Ryanwood. The payments in respect of the Aldrin shares are capped at \$156,250 for 2011 and at \$187,500 for 2012 and 2013 and these payments may be paid either in cash or by the issuance of the Company's shares at the Company's option. If the Company chooses to issue the Company's shares, a 10% premium will be paid.

The above transaction received the approval of the TSX Venture Exchange on May 5, 2010.

In June, 2010 the Brew claim block was expanded by staking an additional 176 quartz claims to add to the original 168 claims staked in 2009 by Dawson prospector Shawn Ryan. The additional claims double the Brew property size to approximately 70 square kilometres or 17,250 acres.

Expedition Mining recently contracted Groundtruth Exploration of Dawson to complete a soil sample survey on the Brew property. The recent sampling grid expands the original survey done by Ryanwood Exploration. This field season's soil program collected approximately 2,615 samples and preliminary assay results have increased the size of the gold in soils anomaly defined by the 2009 Ryanwood program (1360 soils). The completed survey indicates that there is a large gold in soil anomaly that coincides with arsenic, antimony and base metal elements located in three zones.

On December 2, 2010, the Company announced the results of the trenching program and additional soil sampling on the property.

Key points include the following:

- Soil surveys delineated a strong northwest trending 3 km long gold-in-soil anomaly across the central grid area and a second 3 km long parallel anomaly, 1 km to the north.
- Gold is associated with typical White Gold District pathfinder elements arsenic, antimony and mercury.
- Highest gold-in-soil values remain to be trenched in 2011, followed by a diamond drill program.

The additional 981 soil samples were collected to better define and delineate the extent of several open-ended gold anomalies in the Central Zone along the Main Northwest Trend. The survey indicated continuity to a west-northwest trending anomaly in the northern grid area and strengthened the anomaly in the Central Zone, with the latter containing a maximum value of 730 ppb Au. Overall the 2009 and 2010 soil surveys delineated two strong parallel gold-in-soil anomalies each 3 km long. Both gold-in-soil anomalies are associated with elevated arsenic, antimony, mercury, lead, molybdenum, lanthanum and peripheral nickel anomalies.

MINERAL PROPERTIES (continued)

Brew Property – Yukon (continued)

Approximately 1500 m of trenching was outlined in eight trenches in 2010 to test soil geochemical anomalies obtained in the 2009 and the 2010 soil surveys. Due to early onset of winter conditions only five trenches, totaling 1000 m, were completed, with four completely chip sampled and only grab samples collected from Trench 10-3. The highest values in-soil (maximum of 874.1 ppb Au) have not been trenched and complete soil results from the additional 981 samples have only just been received. The trenches contain anomalous arsenic, antimony and iron-rich gossans.

Significant fault zones, including breccias, were intersected in the Brew trenches returning encouraging iron values, with 6% Fe over 40 m in Trench 10-1 (including 14.81% Fe over 4 m), 6.1% Fe over 45 m in Trench 10-2, and maximum values of 9.32% Fe in Trench 10-4 and 12.14% Fe in Trench 10-5. Slightly elevated gold values were obtained in more brecciated zones. Elevated iron numbers from the trench samples suggest the rock originally contained high percentages of sulfides which may have mobilized gold during oxidation.

Based on the favourable geological and structural setting, magnetic signature, favourable trace element geochemistry, presence of placer gold in nearby creeks and similarities and proximity to the White Gold and Coffee projects, the company remains encouraged with the potential for discovery of economic concentrations of gold mineralization on the BREW property.

On April 7, 2011, the Company announced the 2011 work program. The program will include additional soil sampling, as well as a trenching program designed to develop targets to be tested in a core drilling program.

Ground Truth Exploration Inc. will be conducting an extensive soil sampling program totalling 3,000 samples on the Brew property in the 2011 field season. The existing soil grid will be extended to the East following a linear gold-in-soil anomaly outlined in the 2010 sampling program. Grid samples will be collected at 50 metre station and 100 metre line spacing. The remainder of the property will be sampled with ridge and spur traverses to outline additional targets within the Brew property. Ridge and spur samples will be collected at 50 metre sample spacing. (For additional information, soil sample map is posted on our website at www.expeditionmining.com).

Expedition has contracted Aurora Geosciences Ltd. of Whitehorse, Yukon to manage the 2011 exploration program at the Brew property. In mid-May, Aurora will conduct shallow diamond drilling beneath Trenches 10-1 and 10-2 to obtain fresh samples of mineralized rock, using a Packsack drill to test the fault zones to a depth of 20 m below ground level. Thereafter, additional soil sampling and trenching will be conducted in the Central Zone in mid-July to locate a bedrock source for the gold soil anomalies. After reviewing the 2010 results Jean Pautler, P.Geo., made recommendations. Several of the five trenches excavated in 2010 will be deepened and additional trenches will be excavated. Logging and sampling should be completed by early August. The Company is making preparations to complete a conventional diamond drill program in September, contingent upon favourable trench program results. All exploration work on the Brew property will be conducted under the supervision of Dave White, P.Geo., a Qualified Person with respect to National Instrument 43-101.

MINERAL PROPERTIES (continued)

Joy Property - Yukon

On November 18, 2010, the Company entered into an option agreement pursuant to which it can acquire a 100% interest in the Joy gold property from Bullrun Investments Inc. The property is located on a 16 km x 5 km claim block (128 claims) 60 km northeast of Keno City, central Yukon.

The area covered by the Joy claim block was the subject of a Yukon Geological Survey (YGS 2010) project whereby the YGS completed a summer program of mapping and soil sampling. The summer long YGS program included detailed (~ 1:50K scale) bedrock mapping plus a very coarse ridge and spur soil sampling program (~ 500 m spacing). The Yukon Geological Survey presented the results of the Mt. Mervyn (Joy claims area) soil survey and preliminary bedrock mapping results at the Yukon Geoscience Forum on November 23, 2010.

The Agreement

Cash:	\$75,000 within five days of signing the Option Agreement (paid) \$25,000 on or before May 1, 2011 (paid) \$50,000 on or before December 1, 2011
Common Shares:	250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued) 250,000 common shares on or before January 10 2011 (issued) 500,000 common shares on or before July 1, 2011
Cash or Shares:	\$150,000 cash or stock at the Company's option on or before May 1, 2012 \$150,000 cash or stock at the Company's option on or before May 1, 2013
Feasibility Study:	Payment of \$250 000, in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.
Work Program:	Minimum of \$200,000 on or before December 31, 2011 A further \$300,000 on or before December 31, 2012 A further \$500,000 on or before December 31, 2013
NSR:	The Optionor will have a 2% net smelter returns Royalty on the Property. The NSR Royalty may be reduced to 1% by the payment of \$1,000 000 to the Optionor.

On November 26, 2010, the TSX Venture Exchange approves the property transaction.

MINERAL PROPERTIES (continued)

Tact & Buff properties - Nevada

On October 22, 2009, the Company announced the drill results for the first phase drill program completed on its Tact project. Geologic mapping, surface sampling and drilling have confirmed the presence of a large epithermal system located within the boundaries of the Company's claim position. Mineralization is localized along faults cutting quartz monzonite intrusive and Pennsylvanian aged sediments. The mineralized zones are characterized by quartz veining with associated clay gouge, carbonate and iron oxide alteration. The altered zones contain disseminated gold mineralization with moderate-to-deep oxidation. The above attributes lend themselves to low cost open pit, heap leach technology utilized by low grade gold deposits in the vicinity.

The Company notes that all holes drilled except for T09-10 encountered significant gold in one or more intervals. Hole T09-10 was abandoned in alluvial fill before reaching bedrock. Holes 5, 6 and 14 probed under a northerly trending gold-in-soil anomaly identified as the Southeast target. Holes 7, 8, 9, 11 and 12 investigated the Central target defined by several gold anomalies collected from soil and road cuts. Hole 10 tested the Southeast target in Section 12, but was abandoned before it encountered bedrock. Hole 13 tested the Northwest target defined by geophysics.

During drilling additional ground was obtained by locating unpatented mining claims on available land to the south of the property. A further 2780 acres were acquired bringing the total acreage currently held to 4560 acres. The additional land is known to cover at least two areas of previously recognized gold mineralization. The Company intends to investigate these occurrences in the near future with a detailed mapping and sampling program.

The Company believes the results of this wide spaced drill program provide evidence of a large epithermal system underlying the property. As of the date of this report, management may pursue the drill program in the spring, subject to the economic conditions.

On April 9, 2010, the Company staked an additional 98 claims in the same area. The Company paid a total of US\$33,015 for the claim fees and all related documentation and certification.

During the summer of 2010, a cursory mapping and sampling program was completed upon the three new sections, which were acquired last year. Sample values have not yet been received from this exercise. In addition, historic drilling and other exploration data were examined in the project files at Cordeaux Exploration's office in Reno and copies were made of pertinent information.

Nevada Mine Properties II has identified four targets within the current property boundary. Auger grid sampling program has been recommended to help define drill targets. A surface reconnaissance sampling program should also be carried out along the edge of outcropping hills looking for sub-crop or float of jasperoid, quartz veining, altered dikes and any other alteration features that may have been overlooked by previous exploration groups. An isopach map should be developed within the identified sections using depth to bedrock and available geophysics.

Nevada Mine Properties II recommended a drill program to follow the grid sampling and isopach data. The drill program should be designed to test any resulting anomalies. The cost is between US\$150,000 to US\$200,000.

The Company is currently reviewing the recommendation of Nevada Mine Properties.

On July 29, 2010, the Company paid the Bureau of Land Management and the Humboldt County Recorder for the 2010 claim fees regarding the 196 claims totaling US\$46,170.00.

MINERAL PROPERTIES EXPENDITURES

Details of deferred exploration costs for the property are as follows:

	Balance 30-Sep-10	Additions during the period	Balance 31-Mar-11
Tact & Buff, Nevada			
Acquisition costs	31,908	-	31,908
Deferred Expenses			
- Advances	-	-	-
- Assays & Sampling	29,810	-	29,810
- Claims & staking maintenance	99,260	502	99,762
- Consultants	115,428	-	115,428
- Drilling	149,841	-	149,841
- Fieldwork & supplies	12,750	-	12,750
- Field office & admin	232	-	232
- Maps & reports	10,566	-	10,566
- Royalty (advance)	10,802	-	10,802
- Site reclamation	17,866	-	17,866
- Site visits	10,096	-	10,096
Total Tact & Buff	488,579	502	489,081
Brew Property, Yukon			
Acquisition costs	75,000	125,000	200,000
Deferred Expenses			
- Assays	43,610	22,143	65,753
- Claims & staking maintenance	20,120	-	20,120
- Consulting	11,699	2,913	14,612
- Field work and supplies	1,148	554	1,702
- Legal	6,665	-	6,665
- Mobilization	62,173	1,807	63,980
- Site visits	314	1,102	1,416
- Soil sampling	130,865	305	131,170
Total Brew	351,594	152,965	505,418
Joy Property, Yukon			
Acquisition costs	-	150,000	150,000
Deferred Expenses			
- Legal	-	13,513	13,513
Total Joy	-	163,513	121,401
TOTAL RESOURCE PROPERTIES	840,173	317,839	1,158,012

1.5 Liquidity

Expedition Mining Inc. is a mining exploration and development company with no producing resource properties, and consequently, no current operating income or cash flow.

In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the acquisition of a viable property and the discovery of economically recoverable reserves. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

1.5 Liquidity (continued)

At March 31, 2011, the Company had \$4,093,288 in cash and deposits. The Company has no revenue generating projects at this time. The Company's historical capital needs have been met by equity subscriptions. As at March 31, 2011, the Company had working capital of \$4,122,838 (September 30, 2010 - \$898,510).

Cash and cash equivalents

	31-Mar-11	30-Sep-09
Cash deposits with Bank of Montreal	\$ 842,564	\$ 71,245
Cash deposits with Canaccord Capital	-	10,022
GIC with Bank of Montreal & HSBC	3,250,724	908,122
Total cash and cash equivalents	\$ 4,093,288	\$ 989,389

Credit Risk

As at March 31, 2011, the Company reported total other assets of \$Nil (September 30, 2009 - \$1,032,900) as follows:

Six months ended March 31, 2011				
	Fair Value 30-Sep-10 \$	Write-up to Fair Value \$	Securities sold during the period \$	Fair Value 31-Mar-11 \$
Crosshair Exploration & Mining Corp.	1,032,900	434,627	(1,467,527)	-
Three months ended December 31, 2010				
	Fair Value 30-Sep-10 \$	Write-up to Fair Value \$	Securities sold during the period \$	Fair Value 31-Dec-10 \$
Crosshair Exploration & Mining Corp.	1,032,900	769,379	(612,370)	1,189,909
Year Ended September 30, 2010				
	Fair Value 30-Sep-09 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-10 \$
Asset Backed Commercial Paper	139,095	-	(139,095)	-
Crosshair Exploration & Mining	1,643,120	(156,428)	(453,792)	1,032,900
	1,782,215	(156,428)	(592,887)	1,032,900

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share. As a result, the warrants (1,875,000 post-consolidation), which expire on July 29, 2011, have an exercise price of \$4.00 per common share.

1.5 **Liquidity** (continued)

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share. As a result, the warrants (1,875,000 post-consolidation), which expire on July 29, 2011, have an exercise price of \$4.00 per common share.

During the period, the Company sold a total of 2,783,500 Crosshair shares, with prices ranging from \$0.19 to \$0.47 for gross proceeds of \$803,703, leaving a balance of 1,911,500 pre consolidation shares (477,875 post consolidation shares). As at December 31, 2010, the value of the shares was reported at the closing price of \$2.49.

On March 31, 2011, the Company sold all the remaining Crosshair shares (477,875), with prices ranging from \$1.08 to \$2.34 for gross proceeds of \$788,549. As at March 31, 2011, the closing price of Crosshair shares was \$1.12.

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company faces certain foreign exchange risks related to expenses and deferred exploration costs incurred in U.S. dollars, a currency which may appreciate against the Canadian dollar, the Company's reporting currency. Additionally, net working capital balances denominated in non-reporting currencies are also subject to fluctuations in value. The Company mitigates these threats by limiting its exposure to such balances where their expenditure in the same non-reporting currency is not imminent.

Commitments

The Company has certain work commitments on their mineral property interests as discussed in Section 1.5 and Notes 6 and 8 of the Financial Statements.

1.6 **Capital Resources**

The Company's capital resources are its mineral properties, with a historical cost of \$1,158,012 (\$840,173 – September 30, 2010) and its fixed assets (computers & office equipment) with a book value of \$23,582 (\$22,720 – September 30, 2010).

1.7 **Off Balance Sheet Arrangements**

There is no off-balance sheet arrangements to which the Company is committed.

1.8 **Second Quarter**

The second quarter results do not differ significantly from other quarters.

1.9 **Transactions with Related Parties**

During the six months ended March 31, 2011, the Company was charged the following amounts by directors and officers or by companies controlled by the director or officers:

		Six Months Ended	
		31-Mar-11	31-Mar-10
Management fees			
- President	\$	61,049	64,349
- Vice-president		39,000	39,000
Directors fees		12,565	6,366
Accounting fees		33,447	29,282
Total	\$	146,061	138,997

1.10 Proposed Transactions

N/A

1.11 Critical Accounting Estimates

None

1.12 Adoption of new accounting standards

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company has evaluated this new section and has determined that the adoption of these new requirements has not had an impact on the Company's financial statements.

Section 3862, "Financial Instruments—Disclosure" and CICA Handbook Section 3863, "Financial Instruments—Presentation"

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require additional disclosures about fair value measurements. These amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009.

This disclosure requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

Section 3862, "Financial Instruments—Disclosure" and CICA Handbook Section 3863, "Financial Instruments—Presentation"

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data

A table providing the classification of the Company's investments within the fair value hierarchy is shown in note 12 to the annual financial statement.

New Canadian Accounting Pronouncement

International Financial Reporting Standards ("IFRS")

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011.

1.12 Adoption of new accounting standards (continued)

New Canadian Accounting Pronouncement (continued)

International Financial Reporting Standards (“IFRS”) (continued)

During the year ended September 30, 2010, the Company’s management continued to study IFRS technical issues in order to understand the possible significant changes to the Company’s financial reporting. Management understands that these IFRS issues will require that the interim and annual financial statements of the Company provide more significant disclosures and different statement format presentation both during the transition to IFRS and for the future periods after the adoption of IFRS. The Company is currently in the exploration stage with regard to its properties, and does not believe there are complex accounting or infrastructure issues that need to be resolved.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted.

Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard will not have any impact on the Company’s financial statements.

Non Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, Non-controlling Interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard will not have any impact on the Company’s financial statements.

1.13 Financial and Other Instruments

The carrying value of cash and cash equivalents, marketable securities, accounts receivable, brokerage account overdraft, accounts payable and due from (to) related parties approximate their fair values due to the short maturity of those instruments.

1.14 Other

Disclosure of Outstanding Share Capital: May 19, 2011

	Number	Book Value
Common Shares	55,160,318	24,412,251

Disclosure of Outstanding Stock Options: May 19, 2011

	Number	Weighted Average Price
Incentive Stock Options	5,155,000	\$0.24

Disclosure of Outstanding Share Purchase Warrants: May 19, 2011

	Number	Weighted Average Price
Share Purchase Warrants	3,521,875	\$0.39

Disclosure Controls and Procedures

It should be noted that pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), that the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous interim filings under National Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

1.14 Other (continued)

Subsequent Events to March 31, 2011

On April 21, 2011, the Company announced that it had entered into an option agreement pursuant to which it can acquire a 100-per-cent interest in the Mt. Mervyn gold property from Paul Dadwal. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq kilometres).

In order to exercise its option under the option agreement, the Company must make payments and issue shares as set below.

Cash:

\$75,000 within five business days after Exchange Acceptance Date

\$75,000 on or before June 1, 2011

Common Shares:

250,000 within business days after Exchange Acceptance Date

250,000 on or before June 1, 2011

250,000 on or before October 1, 2011

250,000 on or before March 31, 2012

Net Smelter Returns Royalty (NSR):

The optionor will have a 2-per-cent net smelter royalty on the property. The NSR may be reduced to 1-per-cent by the payment of \$1-million to the optionor.

The Company is committed to make the initial payment of \$75,000 (subsequently paid) and the initial issuance of 250,000 common shares (subsequently issued) once the title to the claims comprising the Mt. Mervyn property is recorded in the Company's name. The other payments and share issuances are optional.

The Company granted 1,515,000 incentive options to directors, employees and consultants at an exercise price of \$0.40 per share. The options are exercisable for a period of 5 years, ending April 21, 2016. All options granted shall be immediately exercisable, subject only to the regulatory 4-month hold from the date of grant (i.e. no vesting periods shall be imposed on the options).

The options have a fair value of \$455,121 and were estimated using the Black-Scholes option pricing model with the following assumptions:

Number of options	1,515,000 options
Dividend rate	0.00 %
Risk-free interest rate	3.00 %
Expected life	5 years
Estimated annual volatility	131.08 %
Strike price	\$ 0.40
Spot price	\$ 0.35

On May 3, 2011, 50,000 incentive stock options with a price of \$0.15 each were exercised.

1.14 Other (continued)

Subsequent Events to March 31, 2011 (continued)

On May 10, 2011, the Company announced it had begun an airborne time-domain electromagnetic survey over the Joy and Mt. Mervyn properties. Approximately 1000 line-km of high-resolution magnetic and electromagnetic data will be collected in May 2011 with the SkyTEM system. This airborne survey will identify prospective structures and conductors on the properties and provide a framework for a summer program of geological mapping and sampling. The surface exploration programs are designed to rapidly advance any new discoveries to the drilling stage

Additional information

Additional information relating to the company is on SEDAR at www.sedar.com.