RANDSBURG INTERNATIONAL GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED JANUARY 31, 2011

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes for the period ended January 31, 2011. All dollar amounts are stated in Canadian funds. This discussion is based on information available as at June 2, 2011.

Overview

During the period under review, Randsburg International Gold Corp. (the "Company") continued investigation and exploration of its Project in central Brazil's Goias state, and continued to evaluate its Titan Project in Flett and Angus Townships in Ontario, Canada.

Titan Iron-Titanium-Vanadium Project - Flett and Angus Townships, Ontario, Canada

The Titan Project is an Iron-Titanium-Vanadium project located in Flett and Angus Townships in Ontario. The Titan Project comprises 1,310 contiguous hectares (3,240 acres) of 4 claims (123 units) and 17 patents. Flett and Angus Townships are located 120 kilometres northeast of Sudbury, Ontario and 50 kilometres north of the City of North Bay. The Project is subject to a 3% NSR that can be purchased by the Company for $ 1,500,000.

On January 15, 2010 the Company announced that it had entered into a definitive agreement with Prophecy Resource Corp. (TSX-V: PCY) whereby Prophecy has been granted the option to earn an 80% interest in its Titan Project.

Under the agreement, Prophecy has the right to acquire an 80% interest in the Titan Project by paying Randsburg an aggregate of $500,000 and incurring $200,000 in Exploration Expenditures by December 31, 2010. Randsburg has the option to sell its remaining 20% interest in the project to Prophecy until December 31, 2012 for $150,000 or 400,000 common shares of Prophecy. The Company has received $500,000 in respect of the option, however Prophecy has not incurred $200,000 in Exploration Expenditures to June 2, 2011. Due to delays in development, the company wrote off costs of $1,936,201, leaving the property at its net realizable value of $350,000.

The Company has completed a NI43-101 Technical Report on the Titan Project (the "MDA Report"). The MDA Report, titled "Technical Report, Titan Project, Ontario Canada, dated November 7, 2006, Revised February 12, 2007, and Ownership Revised February 26, 2010", was authored by Neil Prenn, P. Eng. of Mine Development Associates (Reno, Nevada) ("MDA") as the Company disclosed in its news release of March 18, 2010. MDA stated that only inferred resources can be calculated for the project since the drill holes have not been surveyed and the recovery of saleable products and economics of the project have not been defined. The inferred resources for the project total 49.0 million tonnes grading 48% Fe_2O_3 (iron oxide), 14.8% TiO_2 (titanium dioxide), and 0.24% V (vanadium). The estimate was prepared at a cut-off grade of 40% Fe_2O_3 and a specific gravity of 4.29 g/cm3. The MDA Report was filed on Sedar and readers can access it at www.sedar.com. The results of the vanadium and titanium dioxide independent resource estimate are summarized in the following table:

Mineral Resource Estimate for Titan (at a cut-off of 40% Fe2O3)					
Resource Category Inferred	Tonnes (millions)	V Grade(%)	TiO2 Grade (%)	Vanadium Contained Lbs*	TiO2 Contained Tonnes*
	49.0	0.24	14.82	259,174,729	7,259,310

- Metal recoveries were assumed to be 100% for both vanadium and titanium oxide.

The MDA Report used the following methodologies and key assumptions: Grades for Fe_2O_3, TiO_2, and V were interpolated by ordinary kriging into 5 x 5 x 10 metre blocks from 10 metre composites from mineralized zones. These

kriged block grades were compared to grades estimated by inverse distance methods and were essentially the same globally. A minimum of one composite and a maximum of nine composites were used to interpolate grades. Since the economics and recoveries of the different materials contained in the mineralized zone have not been defined all of the material estimated within the high-grade mineralization boundary (approximately a 40% Fe_2O_3 cutoff grade) and within the variogram range of 108 metres from a composite has been defined as an inferred resource.

The MDA Report concludes that the next phase of work should concentrate on the metallurgy of the deposit. Testing utilizing both Altairnano's new technology and conventional technology should be completed. The metallurgical program should be designed by an independent metallurgist after reviewing the data. The drill holes and project area should be surveyed to obtain more accurate drill hole coordinates and site topography. A surface geologic map should be completed utilizing methods to clear the soil and till to expose the surface geology where required. Additional surface drilling should be completed in open areas. This work should lead to a preliminary assessment of the Titan Project.

The Titan Property is well located in terms of infrastructure. The Ontario Northland Railway main line runs right next to the property, a major high voltage transmission line is 7 kilometres away and Highway 11, the major highway linking Northern and Southern Ontario is 18 kilometres to the west. There is a large work force available in the area and the property is close to major North American markets for iron and titanium.

Titan is located at the extreme northeast end of the Fall Lake intrusive and is delineated by very high magnetic susceptibility. The airborne magnetic signature shows a sub-circular surface expression that is 1,000 by 800 metres in area. The mineralization is known to be located in the northern portion of the magnetic anomaly, and it has a steep plunge towards the south-southeast.

The Titan mineralization is formed by the hydrothermal replacement of mafic to ultramafic rock complex that is a younger part of the Grenville Metamorphic Terrain. The host rock is a fine-grained olivine gabbro, with possible troctolitic overtones. Magnetite, ilmenite and a vanadium mineral make up most of the economic minerals that are present in the mineralized system. There is also the potential for the occurrence of platinum group metals along the margins of the mafic and ultramafic intrusives in Angus Township and adjacent Flett Township. At Titan, slightly anomalous values for platinum, palladium and gold have been returned in assays.

Exploration findings during 2004 and 2005 included:

- The magnetite-ilmenite mineralization is present as a body that plunges steeply towards the southeast. Its character south of 5190100N is little known due to relatively widespread wet ground. Relatively strong magnetism extends southeasterly.

- Titanium and Vanadium are present in the intrusive complex away from the areas of pronounced magnetite content although in lower amounts.

- Susceptibility and assay data generally correlate directly.
- At present the mineralization is open, in part, towards the east, towards the west, the south and to depth.

Prophecy conducted an exploration program on the Titan Project encompassing geophysics and geological mapping during the summer of 2010. The program comprised approximately 22 line kilometres of line cutting that extended the existing grid west and southwest of the Titan deposit. A ground magnetometer survey was conducted over this extension to close off the airborne magnetic anomaly associated with the deposit, and to test the broader extensions highlighted in the airborne survey.

The grid provided control for geological mapping that was conducted to ascertain any trends with focus on determining the nature of the Platinum-Palladium mineralization intersected in previous drilling, and whether there are any expressions of this mineralization at surface. All work conducted is in preparation for drilling targeted to increase the existing 49 million tonne inferred resource, and possibly discover other zones of exploration interest.

The Titan Project is being conducted under the supervision of Ken Germundson, Ph.D, Professional Geoscientist, the Company's Qualified Person under the meaning of National Instrument 43-101. The drill logs, cores and assay results have been reviewed and verified by Dr. Germundson.

Flett and Angus Township, Ontario Canada

The Company holds a 100% interest, subject to a 3% NSR, in certain claims located in Flett Township contiguous to the Titan Project.

Victory Strike Diamond Project, Brazil

The Company does not intend to do further work on the Project. The Company wrote down the mineral resource property during the year ended January 31, 2010 by $2,308,161.

Dr. Ken Germundson, Ph.D, Professional Geoscientist is the Company's Qualified Person on the Victory Strike under the meaning of National Instrument 43-101.

Blue Falcon Property

On February 18, 2009, the Company's 85% owned subsidiary company Blue Falcon entered into an agreement to acquire a 50% to 75% interest in certain mining claims located in Goias State, Brazil from a private Brazilian company. In addition the Company would acquire a 50% interest in related plant and equipment.

In order to earn its interest in the claims, the Company must spend US$300,000 over a 20 month period and issue 1,000,000 common shares. The Company will be the operator.

The Company has declared "force majeure" in respect of its obligations under the agreement due to flooding on the claims caused by a hydroelectric project. The Company expects that the delay caused by "force majeure" to be determined by legal clarification of allowable mineral exploration and mining activities on the claims in the circumstances. The Company is required to pay up to US$120,000 in additional fees in order to acquire its interest in the claims. The Company has advised its partner that no further payments will be made until the issue of "force majeure" is resolved to the Company's satisfaction. During the fourth quarter of 2011 the Company has written off its interests in these claims in the amount of $214,283. The Company still maintains other claims at a cost of $30,000.

Risks and Uncertainties

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. In addition, the Company has a working capital deficit of $497,132 and a contingent liability for its failure to make required flow-through expenditures (see "Contingencies"). The continued operations of the Company and the recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to finance its operations and to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The Company is subject to numerous risk factors that may affect its business prospects in the future. These risks include, but are not limited to, the Company's access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licenses', the inherently risky nature of the Company's activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company's reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company's dependence upon employees and consultants and fluctuations in mineral prices.

Selected Annual Information

	Years ended January 31		
	2011	**2010**	**2009**
	$	**$**	**$**
Interest revenue	-	13,846	22,695
Net Loss	(2,281,640)	3,108,829	2,498,642
Per share-basic and fully-diluted	(0.096)	(0.137)	(0.120)
Total assets	413,454	2,671,471	5,290,870

Results of Operations
Years ended January 31

	2011	**2010**
	$	**$**
Amortization	544	400
Consulting fees	24,194	26,526
Finders' fees	-	25,561
Listings and transfer agents fees	17,256	12,612
Interest and bank charges	25,417	17,175
Interest on loan payable	24,254	17,664
Management fees	156,000	147,000
Office and miscellaneous	19,440	70,073
Professional fees	122,300	83,166
Stock-based compensation	-	104,128
Travel and promotion	-	1,544
	(389,405)	(505,859)
Other items		
Interest income	-	13,846
Write-off of loan receivable	-	(146,182)
Write-down of short term investment	-	(125,000)
Gain (loss) on sale of marketable securities	4,155	(61,400)
Foreign exchange gain/(loss)	-	(5,665)
Penalties on flow through shares	-	-
Cost recoveries	254,094	29,593
Net loss	(2,281,640)	(3,108,829)

The reduction in expenses compared to the previous year was due to the following factors:

a) Financing fees were charged in 2010 $25,561 for the term loan secured by the Titan property.
b) A decrease in stock-based compensation of $104,128 for stock options as none were granted or vested in 2011.
c) An increase in Cost recoveries of $224,501 from accounts payable and accrued liabilities greater than 2 years old as compared to $29,593 in 2010.
d) During 2011, the Company wrote off its investments in its Flett & Angus Township Property by $1,936,201 and it's Blue Falcon Property by $214,283 to their net realizable value. In 2010, the Company wrote off its Victory Strike property by $2,308,162.

The increase in expenses in 2010 compared to the previous year was due to the following items:

a) A loss on its sale of marketable securities
b) An increase in the write down of its mineral resource interest in the Victory Strike Property in Brazil.
c) An increase in write off on exploration expenses related to properties under investigation.
d) A write off of the short term investment

Three months ended January 31, 2011

	2011 $	2010 $
Expenses		
Administration fees	-	14,000
Amortization	304	100
Consulting fees	6,193	25,926
Finders fees	-	25,561
Interest and bank charges	13,362	12,312
Interest on loan payable	12,247	17,664
Listing and transfer agent fees	308	1,953
Management fees	39,000	39,000
Office and miscellaneous	13,679	10,114
Professional fees	38,464	24,974
Travel and promotion	-	1,544
Stock-based compensation	-	87,524
	(123,588)	(232,721)
Other items		
Interest income	-	3,000
Write down of short term investment	-	(125,000)
Write off of loan receivable	-	(146,182)
Foreign exchange gain	-	2,145
Gain on sale of marketable securities	4,155	8,825
Cost recoveries	254,094	(20,626)
Write down of mineral property interests	(2,150,484)	(2,308,162)
Penalties on flow through shares	-	-
Income (loss) before income taxes	(2,015,793)	(2,818,721)
Future income taxes	-	-
Net Income (Loss) for the Period	(2,105,793)	(2,818,721)

The decrease in the loss compared to the same period in the previous year was due to the following factors:
a) a reduction in financing fees which were charged in 2010 for the term loan secured by the Titan property.
b) a decrease in stock-based compensation related to stock options as none were granted in 2011.
c) The Victory Strike property was written down by $2,308,162 in 2010 compared to the total writedown of $2.150,48 in 2011 of the Blue Falcon and Angus and Flett properties.
d) The Essex loan of $146,182 was written off in 2010.
e) The Company wrote off/ (reinstated) $254,094 (2010-$(20,626) of accounts payable and accrued liabilities which were more than two years old.
f) Write off of the short term investment in 2010.

Summary of Quarterly Results

	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09	Q3-09	Q2-09	Q1-09
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) ($)	(2,105,793)	(60,071)	(99,632)	(84,430)	(2,818,721)	(62,631)	(144,596)	(82,881)
Per share ($)	(0.008)	(0.001)	(0.002)	(0.016)	(0.126)	(0.001)	(0.002)	(0.016)

The loss for the fourth quarter of fiscal 2011 is primarily due to the write down of the Flett & Angus and Blue Falcom Property for $2,150,484 offset by cost recoveries of $254,094 from writing off debt more than two years old which management believes are unenforceable. The loss for the third quarter is due to ongoing management fees and interest charges. The loss for the second quarter is due to an increase in management and professional fees. The loss in the first quarter of 2011 is primarily due to an increase in management and professional fees. The loss for the fourth quarter of fiscal 2010 of $2,818,721 is primarily due to the write off of the Victory Strike property of $2,308,162, a write off of the loan receivable of $146,182 and a write off of the short term investment of $125,000. The reduction in the net loss for the third quarter is primarily related to a write off of stale dated debts and maintaining a minimal expense on other

operating expenses. The net loss in the second quarter includes a loss on securities of $70,225 and explorations expenses of $16,944 on an abandoned project. The net loss for the first quarter of 2010 includes stock-based compensation expense of $16,604.

Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

Future cash requirements will depend primarily on the extent of future expenditures on the Company's exploration programs. The cost and duration of future exploration programs will depend on the results of current exploration programs and therefore, the Company is not able to forecast future cash requirements. The Company will require additional financing to fund its operations and complete exploration programs in 2010 and future years.

During the prior year, the Company entered into a loan with a face value of $205,000, bearing interest at 10% per annum, secured by a collateral mortgage registered on its Titan project located in the Flett and Angus Townships, Ontario and maturing May 31, 2012. The Company received total proceeds of $205,000 and granted 1,640,000 warrants exercisable for 1 common share of the Company at a price of $0.10 for a period of 2 years as part of the loan subscription. The Company may repay the loan from the 6th month to the 24th month subject to a 3 month interest bonus with no interest bonus payable within the final year of the loan. The Company has allocated $161,187 of the Proceeds to the liability and $43,183 to the valuation of the warrants. The fair value of the liability was estimated by discounting the future payments of interest and principal and will be accreted to the $205,000 face value using the estimated effective interest rate of 20%.

The Company paid finders fees of 10% in 2010 totaling $20,500 and granted 82,000 broker warrants with similar terms as the loan unit warrants. An estimated fair value of $5,061 was allocated to the broker warrants using the Black-Scholes option pricing model with an expected volatility of 133%, a risk free interest rate of 1.23%, an expected life of 2 years and an expected dividend yield of 0%.

During the year ended January 31, 2010, the Company sold an 80% interest in its Titan project to Prophecy which is mortgaged as collateral on the above loan. Accordingly, the Company is to receive an additional $200,000 from Prophecy to be against the final payment on the loan. Subsequent to January 31, 2011, Prophecy made the payment of $200,000 in settlement of the loan payable in full.

	2011	2010
Loan Payable	$ 205,000	$ 205,000
Valuation of warrants	(43,183)	(43,183)
Accretion	21,419	7,963
Prepaid interest	-	(10,799)
	$ 183,236	$ 158,981

As at January 31, 2011, the Company had working capital deficit of $911,139, a contingent liability for its failure to make required flow-through expenditures (see "Contingencies") and cash of $406.This compares to a working capital deficit of $859,087 and cash of $72,990 as at January 31, 2010. The increase in the working capital deficit and decrease in cash is primarily due to the use of funds of $ 168,113 for operating activities.

Recent accounting pronouncements

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of February 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2011. The Company has begun assessing the adoption of IFRS for 2011, and is considering the accounting policy choices under IFRS.

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, marketable securities, due to related parties and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. Receivables are due primarily from government agencies.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at January 31, 2011, the Company had a cash balance of $ 406 (2010 - $72,990) to settle current liabilities of $943,541 (2009 - $944,173). All of the Company's financial liabilities 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. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash and term deposits in its banking institutions and does not believe interest rate risk to be significant.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities that are denominated in Canadian dollars. Management believes the risk is currently insignificant as most transactions are denominated in Canadian dollars.

(c) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Related Party Transactions

During the year ended January 31, 2011, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

a)Paid or accrued management fees of $156,000 (2010 - $147,000) to two directors of the Company; Michael Opara $120,000 (2010- $120,000), and Matthew Chodorowicz –$36,000; (2010- $27,000).

b)Accrued interest of 12,200 (2010 - $14,924) to a director, George Van Voorhis III $5,124; (2010- $11,391) and Elena Opara, a person related to the president of the Company $7,076; (2010- $3,533)

As at January 31, 2011, due to related parties includes the following:

	2011	2010
Advances from a director, George Van Voorhis III of $30,026 (2010 - $30,026), that bears interest at an annual rate of 12%, are unsecured, and have no fixed terms of repayment. The total includes accrued interest of $16,515 (2010 - $11,391).	$ 46,542	$ 41,417
Advances net of repayment from Elena Opara, a person related to the president of the Company that bears interest at an annual rate of 18% and have no fixed terms of repayment. The advances are secured by the Company's equity interest in its subsidiary Blue Falcon, as well as a General Security Agreement. The total includes accrued interest of $17,440 (2010 - $3,533).	69,258	21,001
Advances due to a director, Matthew Chodorowicz that are unsecured, non-interest bearing and have no fixed terms of repayment.	64,073	27,509
Amounts due to the President and a company controlled by the president and director, Michael Opara that are unsecured, non-interest bearing and have no fixed terrms of repayment.	94,545	41,045
	$ 274,418	$ 130,972

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Subsequent events:

Subsequent to January 31, 2011, the Company:

a) Completed a non-brokered private placement of $220,000 consisting of the sale of 4,400,000 Units at $0.05 per unit. Each Unit consists of 1 common share and 1 non-transfereable share purchase warrant. Each share purchase warrant grants the holder the right to purchase 1 common share at a exercise price of $0.10 per share for a period of 1 year from the date of closing.

   In addition the Company will pay a finder's fee of 50,000 brokers warrants to an agent. Each brokers warrant can be exercised at a price of $0.10 for 1 year from the date of closing and are subject to a hold period of 4 months from the date of closing.

b) Granted 1,150,000 stock options at an exercise price of $0.10 per share for a period of 2 years to officers, director's and consultants's of the Company.

Contingencies
The Company is not aware of any contingencies or pending legal proceedings as of January 31, 2011 other than:

a) A legal action commenced against the Company in Ontario Superior Court of Justice by an individual alleging that he was entitled to incentive stock options to acquire 100,000 common shares of the Company at $0.65 each and an additional 100,000 common shares at $1.14 each until May 2006. The claim seeks damages of $500,000. The Company disputes this claim and has filed a defence in the action, denying all allegations.

b) A legal action commenced by a company that assisted in constructing roads for the Company at its Titan project in Flett and Angus Township in Ontario. The amount of the claim is for $106,782, plus accrued interest. While the Company has accrued the principal amount of the work invoices in its financial statements for the year ended January 31, 2006 the Company disputes the total amount that was charged and the quality of the work provided and has filed a defence in this action.

c)Litigation that the Company has undertaken to register its interest in the Milner Van Hise property in Ontario, although this property has been written off during a prior fiscal year.

d) On July 12, 2007, the Company completed a private placement of 769,230 flow-through units at a price of $0.65 per unit for gross proceeds of $500,000. As at October 31, 2008, the Company had an obligation to make flow-through expenditures of $420,000 by December 31, 2008, which obligation, the Company will not be able to fulfill. The Company has recorded Part XII.6 tax of $22,050 with respect to unexpended expenditures for the 9 months ended October 31, 2008. The Company will incur additional Part XII.6 tax of approximately $7,500 for the 3 months ended January 31, 2009 and a 10% penalty of approximately $42,000 with respect to unexpended expenditures as at January 31, 2009. In addition, the Company provided an indemnity to the subscriber of the flow-through units for any income tax assessments related to the Company's failure to make the required flow-through expenditures. Based on a combined marginal personal federal and provincial tax rate of 46%, the amount of the amount payable pursuant to the indemnity would be approximately $193,000.

Additional Disclosure for Venture Issuers without Significant Revenue

The following table sets forth a breakdown of material components of capitalized exploration and development costs:

2011	Blue Falcon Property	McClintock & Livingston Townships	Flett & Angus Townships	Victory Strike	Total
Acquisition costs					
Balance, beginning and end of year	$ -	$ -	$ 117,000	$ -	$ 117,000
Exploration costs					
Field expenses	38,167	-	484	-	38,651
Travel	7,044	-	-	-	7,044
Additions in year:	45,211	-	484	-	45,145
Balance, beginning of year	199,072	-	2,268,717	-	2,467,789
Option payment received	-	-	(100,000)	-	(100,000)
Write down in year	(214,283)		(1,936,201)	-	(2,150,484)
Balance, end of year	30,000	-	233,000	-	263,000
Total costs	$ 30,000	$ -	$ 233,000	$ -	$ 380,000

Disclosure of Outstanding Share Data

As of June 2, 2011, the Company had 28,273,940 common shares issued and outstanding and the following stock options and warrants to acquire common shares were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	350,000	$0.15	March 13, 2011*
	1,150,000	$0.10	November 3, 2011
Warrants	1,640,000	$0.10	July 19, 2011
	82,000	$0.10	July 19, 2011
	148,900	$0.20	October 29, 2011
	1,489,000	$0.20	October 29, 2011

(i)Subsequent to January 31, 2011, the unexercised options expired.

IFRS Changeover Plan Disclosure

The Canadian Accounting Standards Board (AcSB) has announced its decision to replace Canadian generally accepted accounting principles ("GAAP") with International Financial Reporting Standards ("IFRS") for all Canadian Publicly Accountable Enterprises ("PAEs"). The effective changeover date is January 1, 2011, at which time Canadian GAAP will cease to apply for the Company and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011 including comparative IFRS financial results and an opening balance sheet as at January 31, 2011. The first annual IFRS consolidated financial statements will be prepared for the year ended January 31, 2012 with restated comparatives for the year ended January 31, 2011.

Management has developed a project plan for the conversion to IFRS based on the current nature of operations. The conversion plan is comprised of three phases:

1) Scoping phase which will assess the overall impact and effort required by the Company in order to transition to IFRS;

2) Planning phase which will include a detailed analysis of the conversion process and implementation plan required for disclosure for the Company's first quarter; and,

3) Transition phase which will include the preparation of an IFRS compliant opening balance sheet as at February 1, 2011, any necessary conversion adjustments and reconciliations, preparation of a fully compliant pro forma financial statements including all note disclosures and disclosures required for the MD&A.

Management has completed phase one, IFRS Scoping phase, and is now advancing through phase two, the Planning stage. Management prepared a component evaluation of its existing financial statement line items, comparing Canadian GAAP to the corresponding IFRS guidelines, and has identified a number of differences. Many of the differences identified are not expected to have a material impact on the reported results and financial position.

Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. During the second quarter of 2010, management will prepare a presentation to the Audit Committee and the Board of Directors which will focus on the key issues and transitional choices under IFRS 1 applicable to the Company.

Set out below are the most significant areas, management has identified to date, where changes in accounting policies may have the highest potential impact on the Company's consolidated financial statements based on the accounting policy choices approved by the Audit Committee and Board of Directors.

In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows. International Accounting Standard (IAS) 36, "Impairment of Assets" uses a one-step approach for both testing and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in write downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

Share Based Payments

IFRS and Canadian GAAP largely converge on the accounting treatment for share – based transactions with only a few differences.

Canadian GAAP allows either accelerated or straight line method of amortization for the fair value of stock options under graded vesting. Currently, the Company is using the straight line method; however it intends to apply the accelerated amortization method in fiscal 2010 and therefore the adoption of IFRS 2 is not expected to have an impact on the Company's financial statements.

Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures can be recognized as they occur. The Company is expecting to use an estimate of forfeitures when determining the number of equity instruments expected to vest during fiscal 2010.

Upon adoption of IFRS 2, the Company will be fully compliant with the new standard and the adoption is not expected to have an impact on the financial statements.

Exploration and Evaluation Assets

Under the Company's current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized.

Upon adoption of IFRS, the Company has to determine the accounting policy for exploration and evaluation assets. The Company can decide to apply the International Accounting Standards Board ("IASB") Framework which requires exploration expenditures to be expensed and capitalization of expenditures only after the completion of a feasibility study or disregard the IASB Framework and keep the existing Company policy, if relevant and reliable.

Management has yet to decide on whether or not to fully adopt IFRS 6, "Exploration and Evaluation of Mineral Properties", and apply the IASB framework. If management elects to fully adopt IFRS 6, the result of the application of the IASB Framework at the transition date, mineral properties will decrease by $380,000 together with an increase to accumulated deficit by the same amount reflecting the derecognized exploration costs.

Property, Plant and Equipment

Under IFRS, Property, Plant and Equipment ("PP&E") can be measured at fair value or at cost while under Canadian GAAP, the Company has to carry PP&E on a cost basis and the revaluation is prohibited.

Upon adoption of IFRS, the Company has to determine whether to elect a cost model or revaluation model. Management has yet to decide on which model to adopt. The Company is in the process of identifying the potential impact on the property, plant and equipment balance.

In accordance with IAS 16 “Property, Plant and Equipment”, upon acquisition of significant assets, the Company will need to allocate an amount initially recognized in respect of an asset to its component parts and accounts for each component separately when the components have different useful lives or the components provide benefits to the entity in a different pattern.

Foreign Currency

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 and the entity’s financial results and position should be measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Currently the functional currency of the consolidated entity is the Canadian dollar (“CAD”) which is also the presentation currency of the Company’s financial statements.

As events and conditions relevant to the Company change, it will re-consider the primary and secondary indicators, as described in IAS 21, in determining the functional currency for each entity. Going forward under IFRS, management will assess the appropriate functional currency based on existing circumstances which may have a significant impact on the Company’s consolidated financial statements prepared under IFRS.

Future Income Taxes

Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. Deferred income taxes relating to temporary differences that are in equity are recognized in equity and under IFRS subsequent adjustments thereto are backward traced to equity.

IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings. The Company expects the impact of implementing IAS 12, Income Taxes to not have an impact on the financial statements. However, as events and circumstances of the Company’s operations change that give rise to future income taxes, IAS 12 will be applied.

As the Company elects and approves the IFRS accounting policy for each of the areas above, management will determine and disclose impact of the IFRS adoption at the transition date on our financial statements. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company’s consolidated financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

Based on management assessment of the information system currently used by the Company, all information required to be reported under IFRS will be available with minimal system changes.

One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company is continuing to assess the level of presentation and disclosures required to its consolidated financial statements.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and

obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.

Additional Information

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