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VIKING GOLD EXPLORATION INC.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2012

A) GENERAL:

This Management Discussion and Analysis ("MD&A") document prepared as of May 24, 2012, should be read together with the Condensed Interim Financial Statements of Viking Gold Exploration Inc. (hereafter "**Viking Gold**" or "**the Company**") for the three months ended March 31, 2012, which are prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") in accordance with IAS 34, ("Interim Financial Reporting"). Readers should also read the Company's most recent annual audited IFRS financial statements for the year-ended December 31, 2011.

All amounts herein are expressed in Canadian dollars, and are based on the Company's IFRS accounting policies.

The address of the Company's registered head office is #2B – 2900 John Street, Markham, Ontario, Canada, L3R 5G3. Additional information about Viking Gold is available on the SEDAR website at www.sedar.com and on the Company's website at www.vikinggold.ca.

B) DESCRIPTION OF BUSINESS:

Viking Gold Exploration Inc. is incorporated under the laws of the Province of Ontario and is a junior exploration company engaged in mineral exploration in Canada. It is a reporting issuer in the Provinces of Ontario, Newfoundland and Labrador, British Columbia and Alberta, and is a Tier-2 listed company on the TSX Venture Exchange, trading under the symbol VGC.

C) RISK AND UNCERTAINTIES:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

As at December 31, 2011, the Company had working capital of $383,070 and a flow-through expenditure commitment of approximately $620,000. The Company needs to raise additional funds in 2012 in order to finance both current operations and acquisition/exploration commitments.

Long-term continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes that the Company will continue to obtain sufficient working capital from external financing to meet the Company's current and future liabilities and commitments as they become due, although there is a risk that additional financing may not be available on a timely basis or on terms acceptable to the Company.

Viking Gold is primarily involved in gold exploration, an inherently high-risk activity. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

C) RISK AND UNCERTAINTIES (Continued):

Exploration is also capital intensive and the Company has no funding mechanism other than equity financings (including private placements and exercises of warrants and stock options) and potential joint venture financing arrangements with other mineral exploration companies.

Market risk and environmental risk are additional risks the Company faces. Market risk is the risk of depressed metals prices, particularly gold. The Company is dependent on capital markets to fund exploration, development and general working capital requirements and a period of depressed gold prices might make access to investment capital more difficult. Environmental regulations affect the cost of exploration and development as well as future mining operations.

D) FORWARD-LOOKING STATEMENTS:

The skills of management and staff in mineral exploration and raising capital serve to mitigate these risks. The ability of the Company to continue operations into the future is dependent upon continuing to obtain favourable results from its exploration activities, which will affect its ability to raise funds and to attract potential joint venture partners. In addition, there is also a risk that existing joint venture partners may be unable to meet their financial obligations, which could delay resource projects and possibly place additional stress on the Company's cash resources.

This MD&A may contain certain forward looking statements relating to, but not limited to, the Company's operations, exploration plans, anticipated equity financing, business prospects and strategies. Forward looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors as identified under "Risks and Uncertainties" below, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include financial market conditions and economic, competitive, regulatory and business conditions. The Company updates its forward-looking statements at future dates based on outcomes not presently known and as such, readers should not place undue reliance on forward-looking statements.

E) EXPLORATION AND EVALUATION ASSETS:
Description of Properties:

In 2011, the Company acquired 5 mineral property interests, 2 in Ontario (ON) and 3 in Quebec (QC). These 5 active properties are either currently being explored or are planned for future exploration.

The Company also has 6 inactive mineral property interests that comprise its "Morris Lake Project" – a block of contiguous claims and leases situated approximately 73 kilometres north of Yellowknife, Northwest Territories (NT).

Below is a summary of the 11 properties:

Properties	Year Acquired	Notes	Current Mineral Tenure (all 100% unless otherwise stated)	# of Claims/ Leases
Active Properties				
Verneuil, QC				
Verneuil Central	2011	3b	Claims; 70% undivided working interest **	44
Verneuil West	2011	3b	Claims	19
Verneuil East	2011	3b	Claims	10
				73
Venton Lake, ON	2011	3a	Claims	13
Larose, ON	2011	3b	Claims	16
				29
Inactive Properties				
Morris Lake Project, NT				
Viking Yellowknife	2003		Leases; 60% undivided working interest **	3
Max Lake	2004		Leases	2
ML Properties	2006		Claims	5
Peregrine	2006		Claims; 60% undivided working interest **	5
Maguire Lake	2009		Claims	3
LM Claims	2010		Claims	3
				21
Total				123

** Prior to December 31, 2011, the mineral tenure was disclosed as a joint venture; it is now disclosed as an undivided working interest.

In 2011, the Company recorded write-downs totaling $3,635,489 (including $72,000 in the first quarter of 2011) in respect of the 6 Morris Lake properties, though the Company still retains the mineral property interests. A full description of each of the 6 properties can be found in the Company's annual audited IFRS financial statements for 2011. Should the Company incur any additional costs on or after January 1, 2012 to maintain its mineral property interests in the Morris Lake properties, these amounts will be expensed directly in operations.

A continuity of the Company's exploration and evaluation ("E&E") assets for the year ended December 31, 2011 and the three months ended March 31, 2012 follows.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Description of Properties (Continued):

	Balance, January 1, 2011	Expenditures for 2011	Write-downs for 2011	Balance, December 31, 2011	Expenditures for three months ended March 31, 2012	Balance, March 31, 2012
Acquisition costs						
Venton Lake, ON	$ -	$ 112,536	$ -	$ 112,536	$ -	$ 112,536
Larose, ON	-	93,028	-	93,028	-	93,028
Verneuil, QC						
Verneuil Central	-	137,372	-	137,372	-	137,372
Verneuil West	-	93,926	-	93,926	-	93,926
Verneuil East	-	65,615	-	65,615	-	65,615
Active properties	-	502,477	-	502,477	-	502,477
Morris Lake, NT						
Viking Yellowknife	123,500	-	(123,499)	1	-	1
Max Lake	29,700	-	(29,699)	1	-	1
ML Properties	8,359	-	(8,358)	1	-	1
Maguire Lake	10,967	-	(10,966)	1	-	1
LM Claims	8,277	-	(8,276)	1	-	1
Inactive properties	180,803	-	(180,798)	5	-	5
Total properties	180,803	502,477	(180,798)	502,482	-	502,482
Deferred expl'n expenditures						
Larose, ON	-	179	-	179	-	179
Verneuil, QC						
Verneuil Central	-	718,829	-	718,829	56,125	774,954
Verneuil West	-	164,214	-	164,214	30,183	194,397
Verneuil East	-	98,177	-	98,177	15,602	113,779
Active properties	-	981,399	-	981,399	101,910	1,083,309
Morris Lake, NT						
Viking Yellowknife	1,841,268	42,261	(1,883,529)	-	-	-
Max Lake	512,669	1,843	(514,512)	-	-	-
ML Properties	104,762	-	(104,762)	-	-	-
Peregrine	971,382	(20,213)	(951,168)	1	-	1
Maguire Lake	720	-	(720)	-	-	-
Inactive properties	3,430,801	23,891	(3,454,691)	1	-	1
Total properties	3,430,801	1,005,290	(3,454,691)	981,400	101,910	1,083,310
Total expenditures						
Venton Lake, ON	-	112,536	-	112,536	-	112,536
Larose, ON	-	93,207	-	93,207	-	93,207
Verneuil, QC						
Verneuil Central	-	856,201	-	856,201	56,125	912,326
Verneuil West	-	258,140	-	258,140	30,183	288,323
Verneuil East	-	163,792	-	163,792	15,602	179,394
Active properties	-	1,483,876	-	1,483,876	101,910	1,585,786
Morris Lake, NT						
Viking Yellowknife	1,964,768	42,261	(2,007,028)	1	-	1
Max Lake	542,369	1,843	(544,211)	1	-	1
ML Properties	113,121	-	(113,120)	1	-	1
Peregrine	971,382	(20,213)	(951,168)	1	-	1
Maguire Lake	11,687	-	(11,686)	1	-	1
LM Claims	8,277	-	(8,276)	1	-	1
Inactive properties	3,611,604	23,891	(3,635,489)	6	-	6
Total properties	$ 3,611,604	$ 1,507,767	$ (3,635,489)	$ 1,483,882	$ 101,910	$ 1,585,792

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Description of Properties (Continued):

Information concerning the Company's individual active properties follows.

VENTON LAKE

On April 12, 2011, the Company signed a letter agreement in which it was granted an option to earn a 100% undivided interest in 13 mining claims located near Thunder Bay, Ontario known as "Venton Lake". The agreement provides that the Company (as optionee) will earn a 100% interest in the property by making an initial $75,000 cash payment followed by three additional annual cash payments of $75,000 each from the "Effective Date" (of the transaction) which is defined as the date the TSX-V approves the transaction plus 10 days. Each respective cash payment is also to be accompanied by the issuance of common shares of the Company to the optionor, as follows – 150,000 shares (initial – completed), 50,000 shares (after the first year – completed), 50,000 shares (after the second year) and 100,000 shares (after the third year), for a total of 350,000 shares.

Upon the exercise of the option, the optionor will retain a 2.5% NSR on output from the properties following the commencement of commercial production. For the period commencing on the date that is 60 months following the Effective Date and ending on the commencement of commercial production, the Company is required to pay an advance minimum royalty of $15,000 per year to the optionor within 30 days of the start of each year, which aggregate amounts shall be deducted from the subsequent 2.5% NSR payments. The Company may buy back up to one-fifth of the 2.5% NSR at a price of $500,000, for a period of 20 years from the Effective Date. The Company may abandon the option granted to it by giving 30 days notice prior to abandonment, provided that the mineral rights will be in good standing for at least six months following the date of abandonment.

The TSX-V approved the Venton Lake transaction on April 26, 2011. The transaction closed on September 19, 2011.

VERNEUIL AND LAROSE

On May 10, 2011, the Company signed a property sale agreement with Freewest Resources Canada Inc. ("Freewest"), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF), in which it agreed to acquire a 70% undivided working interest in the Verneuil property ("Verneuil Central") and a 100% undivided interest in the Larose property ("Larose"), in exchange for a combined share-based payment of 1,000,000 common shares (valued at $200,000) and a 0.5% NSR on each property.

Verneuil Central is comprised of 44 claims in Verneuil Township in the Abitibi region of Quebec. The other 30% interest in Verneuil Central is held by Golden Tag Resources Ltd. ("Golden Tag"). Larose is comprised of 16 claims in Moss Township in northwestern Ontario. Verneuil Central is subject to an existing 1% NSR and Larose to an existing 3% NSR. The NSR's described herein apply to all minerals in perpetuity.

On June 7, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire "Verneuil East", a 100% undivided interest in 10 mining claims located immediately east of Verneuil Central, in exchange for cash of $20,000 (paid), a share-based payment of 200,000 common shares (issued) and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for $1,000,000 at any time.

On June 13, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire "Verneuil West", a 100% undivided interest in 19 mining claims located immediately west of Verneuil Central, in exchange for cash of $30,000 (paid), a share-based payment of 300,000 common shares (issued) and 150,000 warrants (issued and exercisable at a price of $0.30 for 2 years), and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for $1,000,000 at any time.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Description of Properties (Continued):

VERNEUIL AND LAROSE (Continued)

The TSX-V approved the Verneuil/Larose transaction on May 27, 2011 and the Verneuil East and West transactions on June 21, 2011. These three transactions closed on June 28, July 20 and June 29, 2011, respectively.

The Company and Golden Tag agreed that Golden Tag is not required to contribute financially towards deferred exploration expenditures incurred on the Verneuil Central property prior to January 1, 2012.

On December 8, 2011, the Company entered into an option agreement with Golden Share Mining Corporation ("Golden Share") whereby Golden Share may earn up to a 50% interest in the Larose property. Under the terms of the agreement, Golden Share agreed to issue 100,000 shares to the Company on the later of (i) execution of the agreement and (ii) TSX-V approval (completed with an assigned value of $8,500), and an additional 100,000 shares on the first anniversary date of the agreement.

Golden Share has agreed to spend $200,000 in the first year of the agreement on exploration of the property plus another $150,000 in each of years two and three of the agreement. The parties have also agreed that at the time they become 50/50 owners in the property, they will enter into a joint venture agreement with Golden Share as the operator.

Northwest Territories Activities – 2011 and 2012:

In February 2011, the Company fulfilled additional reporting obligations to the government and to its working interest partner with the filing of a comprehensive technical report and supporting cost analysis, covering the years 2009 and 2010.

Only site restoration work was conducted on the Morris Lake properties in 2011 and 2012 to date, for which the Company had accrued $20,000 as at December 31, 2011. As at March 31, 2012, approximately $18,000 of the accrual had been used up.

In March 2012, the Company submitted a Final Plan report to the Mackenzie Valley Land and Water Board (NT) in connection with the expiration of its remaining land use permit in January 2012. The report reviewed the Company's historical exploration efforts on the Morris Lake properties covered by the permit, as well as recent site restoration work.

The Company continues to review the possibility of optioning parts of its Morris Lake properties to unrelated third parties, though it presently has no plans for its own active exploration programs on these properties. As indicated previously in this section, the Company wrote down the carrying value of its Morris Lake properties to nominal value in 2011.

Quebec Exploration Activities – 2011 and 2012:

HISTORICAL INFORMATION – VERNEUIL

In the early 1990's, Freewest Resources Canada Inc. estimated, based on 10 drill holes intersecting the Toussaint Shear Zone (TSZ), historical gold reserves of approximately 188,000 tonnes with an average grade of 7.1 g/t Au. *(A qualified person has not done sufficient work to classify the historical estimate as current mineral resources; the Company is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.)*

From 1991 to 1995, Freewest carried out a series of extensive exploration programs resulting in the discovery of several gold-bearing shear zones. These programs consisted of prospecting, geophysics, trenching and diamond drilling. Six mineralized zones were uncovered by trenching with several significant gold values. Freewest completed a series of 35 diamond drill holes intersecting the TSZ. The results and location of these zones are posted on the Company's website.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Quebec Exploration Activities – 2011 and 2012:

2011 SUMMER EXPLORATION PROGRAM – VERNEUIL

In June 2011, the Company commenced a summer exploration program on its newly acquired Verneuil properties (Central, East and West) situated in Verneuil Township in the Abitibi area of Quebec. The purpose of the program at Verneuil was to generate new exploration targets. The program included line cutting, followed by geological and geophysical surveys, stripping, trenching and channel sampling and finally diamond drilling. Assay results for the Company's Verneuil summer exploration program were presented in the Company's September 13, 2011 and November 15, 2011 press releases, copies of which may be found on the Company's website.

2011 FALL-WINTER EXPLORATION PROGRAM – VERNEUIL

On October 28, 2011, the Company commenced a planned 4500 m, 25-hole fall-winter drilling program at Verneuil. On February 14, 2012, the Company announced that it had completed this drilling program distributed between 20 new drill holes and 2 holes from previous programs that were deepened. The objective of the Company's fall-winter program was to verify certain new exploration targets revealed by its summer 2011 induced polarization (IP) survey, and to expand and better define the structure of the Toussaint mineralized zone. Sampling of drill core was completed by mid-January 2012 and most of the assay results were received by the end of February.

As explained in the Company's recent MD&A for the year ended December 31, 2011, over 500 samples were submitted in Q1-2012 for re-assay by metallic sieve method due to the coarse-gold nature of the mineralization as observed in several places. To date, the Company has received a significant portion of these re-assays and is currently interpreting the results prior to making them public. However, drill core observations suggest that:

- The original Toussaint Lens, in the western part of the Toussaint Zone, is still present at a depth of 250 metres (drill holes VP-11-25 and extension of drill hole VP-94-48).

- The mineralization is not restricted to the highly sheared, silicified and sericitized units, but is also found in thin, more or less chloritized, shear zones near the main sheared units. Such mineralization could be observed in drill holes VP-11-11, VP-11-14 and VP-11-18, and at the surface in the trench TR-11-02.

- In the Eastern part of the Toussaint Zone, over a strike length of 300 m from section L52+50E to L55+50E, several drill holes intersected a series of consecutive moderately to well-altered silicified zones. (Note: Drill hole VP-93-22, located in section L54+35E, was completed in 1993 at which time it assayed the following results – 3.16 g/t Au over 5.7 m, 2.9 g/t Au over 1.7 m, and 9.87 g/t Au over 6.2 m.)

Samples from the winter program were fire-assayed by ALS Chemex, at its Val d'Or, Quebec laboratory. All samples were initially analyzed for Au by atomic absorption spectroscopy (AAS), and those samples with results above a detection limit of 10 ppm were automatically re-analyzed by the gravimetric method (GRA).

Selected core intervals were assayed by the metallic sieve (SCR) method in order to verify the presence of coarse gold and its possible effects on the results. The atomic absorption spectroscopy (AAS) and metallic sieve (SCR) based assays used 30-gram and 1000-gram charges of prepared sample pulp, respectively. For additional explanations of the assay procedures used, please refer to the Company's website. Any samples that intersected altered shear zones and/or have higher Au values are currently being re-analysed by SCR. SCR analysis will also be applied to samples from the Company's summer 2011 drilling and channel sampling program. Further, the drill core from the 1990's drilling programs on the Verneuil Project is still available. It will be examined, and selected segments of core will also be sent for SCR analysis, during the spring of 2012.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Initial assay results for the Verneuil fall-winter exploration program were presented in the Company's February 1 and 14, 2012 press releases, copies of which may be found on the Company's website. Once the re-assays have all been received and interpreted, the Company will make a determination on how best to proceed with this property.

QUALIFIED PERSON

Mr. Pierre Poisson, P.Geo., is the Company's independent "qualified person" for the Verneuil properties, as that term is defined in NI 43-101, and he has reviewed and approved the technical disclosures in this MD&A.

Ontario Exploration Activities – 2011 and 2012:

VENTON LAKE

On April 26, 2012, the Company issued 50,000 common shares as the first annual option payment for Venton Lake. The Company is presently engaged in discussions with the optionor of the Venton Lake property with respect to delaying the first $75,000 annual cash payment and scheduling the commencement of initial exploration work.

LAROSE

Golden Share has commenced exploration of the Larose property under its option agreement with the Company. Golden Share has reported the following information on its website (www.goldenshare.ca):

> The sedimentary rock package and the association of the gold with syenitic type intrusives are very reminiscent of the Malartic and Timmins mining camps. Golden Share very much looks forward to working with the Viking team to further unlock the potential of this promising property.
>
> Golden Share executed a fall 2011 campaign comprising geological reconnaissance, outcrop sampling, channel sampling, 73 km of line cutting and a ground magnetometer survey over the freshly cut grid. Highlights for this recent campaign are provided by channel sampling on the P1 trench located within the central part of the LSZ and which yielded 45.93 g/t Au over 3.1 m and 54.21 g/t Au over 1.4 m. The mineralization is hosted in sheared, very fine-grained metasediments showing local sericitization, silicification and carbonatization and quartz veinlets containing up to 20% sphalerite, 10% pyrite and 2% galena.

Mineral Properties Advisory Committee:

The Company identifies new exploration properties for acquisition through its Property Advisory Committee, whose members are presently Mr. Mackenzie Watson and Mr. Rejean Gosselin. These members are investors of the Company, and are experienced and successful prospectors/geologists who are well known in the Canadian mining industry. In exchange for their participation on the Committee, these members periodically receive stock options. Background information on the members is presented on the Company's website.

F) SELECTED ANNUAL INFORMATION:

The following table shows selected financial information with respect to Viking Gold's financial results and financial position prepared in accordance with IFRS:

Financial results for	Three mths ended March 31, 2012	Year ended December 31, 2011	Three mths ended March 31, 2011
Acquisition of E&E assets	$ -	$ 502,477	$ -
Exploration of E&E assets	101,910	1,005,290	2,508
Write-offs of E&E assets	-	(3,635,489)	(72,000)
Change in E&E assets	101,910	(2,127,722)	(69,492)
Share-based compensation expense	-	566,000	-
Net loss and comprehensive loss	(81,809)	(4,630,834)	(119,603)
Basic and diluted loss per share	(0.001)	(0.067)	(0.002)
Dividends paid	-	-	-

Financial position as at	March 31, 2012	December 31, 2011	March 31, 2011
Working capital	$ 383,070	$ 564,139	$ 980,990
E&E assets	1,585,792	1,483,882	3,542,112
Total assets	2,096,698	2,612,315	4,621,400
Share capital and reserve	9,279,851	9,294,708	7,368,127
Deficit	(7,296,598)	(7,229,646)	(3,157,464)
Total equity	1,983,253	2,065,062	4,210,663

G) QUARTERLY RESULTS:

Summarized quarterly results for Viking Gold for the past eight quarters, prepared under IFRS, are as follows:

Quarter ended	March 31, 2012 (Q1)	December 31, 2011 (Q4)	September 30, 2011 (Q3)	June 30, 2011 (Q2)
Additions to E&E assets (a)	$ 101,910	$ 701,491	$ 298,914	$ 504,854
Deferred tax (recovery) expense	-	(198,267)	(133,900)	(5,500)
Net loss	(81,809)	(3,133,132)	(861,978)	(139,072)
Basic and diluted loss per share	(0.001)	(0.050)	(0.013)	(0.002)

Quarter ended	March 31, 2011 (Q1)	December 31, 2010 (Q4)	September 30, 2010 (Q3)	June 30, 2010 (Q2)
Additions to E&E assets (a)	$ 2,508	$ 17,140	$ 3,399	$ 52,754
Deferred tax (recovery) expense	(39,382)	14,835	(12,150)	(1,881)
Net loss	(119,603)	(299,447)	(33,381)	(44,487)
Basic and diluted loss per share	(0.002)	(0.004)	(0.001)	(0.001)

(a) Excluding write-downs (see additional info below)

G) QUARTERLY RESULTS (Continued):

The Company is involved in mineral exploration and has no operating revenues. The fluctuations in the quarterly loss are mainly due to the normal timing of expenditures, however, certain additional non-cash items may also have a significant impact. Examples include share-based compensation expense, write-downs of exploration and evaluation assets, and deferred income tax provisions.

Share-based compensation expense was recorded in the following quarterly periods: Q4-2011 – $273,000; Q3-2011 – $231,000; Q2-2011 – $62,000; Q4-2010 – $210,000.

Write-downs of exploration and evaluation assets were recorded in the following quarterly periods: Q4-2011 – $2,906,158; Q3-2011 – $657,331; Q1-2011 – $72,000, as explained in MD&A section "E) Exploration and Evaluation Assets".

A net gain on investments of $17,750 is recorded in only Q1-2012.

Deferred tax (recovery) expense for each quarter is also disclosed above. In each of Q4-2011 and Q3-2011, the Company's substantial income tax recovery was attributable to operating losses and the tax impact of write-downs of E&E assets, as reduced by income tax adjustments relating to flow-through shares. For additional information about the Company's current income tax position, see Note 8 to the Condensed Interim Financial Statements for the three months ended March 31, 2012.

H) RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2012:

Net Loss:

Net loss of $81,809 for 2012 is $37,794 lower than the 2011 net loss of $119,603. The $37,794 decrease in the annual net loss is due to: i) increased operating expenses of $12,982, ii) increased other income, net of $90,158 (Q1-2012 – income of $18,158, Q1-2011 – expense of $72,000), iii) decreased income tax recovery of $39,382, as outlined below.

Total Expenses and Operating Loss:

Total expenses and operating loss of $99,967 in 2012 is $12,982 (15%) higher than the 2011 total expenses and operating loss of $86,985. The increase in total expenses and operating loss is further explained below:

Components of expenses		% change	Three months ended March 31, 2012	Three months ended March 31, 2011	Increase (decrease)
Management fees	a)	+ 5	$ 39,989	$ 38,095	$ 1,894
Professional and regulatory fees	a)	+ 4	28,414	27,327	1,087
Office and administration	b)	+ 27	25,114	19,813	5,301
Depreciation		- 47	400	750	(350)
Claims management	c)	-	1,050	-	1,050
Investigation of new properties	d)	+ 400	5,000	1,000	4,000
Total expenses and operating loss		+ 15	$ 99,967	$ 86,985	$ 12,982

Some key explanations follow:

a) Increased fees associated with increased CFO activities in Q1-2012 (website, audit prep, sales tax and flow-through audits).
b) Office and administration for Q1-2012 includes new website expenses of $8,117 (Q1-2011 – nil), higher rent expense of $6,330 (Q1-2011 – $5,310), lower trust services of $1,164 (Q1-2011 – $4,355).
c) Claims management program implemented in Q3-2012, therefore applies to Q1-2012, not Q1-2011.
d) New consultant retained in 2012.

H) RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2012 (Continued):

Other Income (Expense):

Other income of $18,158 in 2012 is $90,158 higher than 2011 other expense of $72,000. The increase in other income is further explained below:

Components of other income (expense)		Three months ended March 31, 2012	Three months ended March 31, 2011	Increase decrease in income
Interest income	f)	$ 408	$ -	$ 408
Write-down of E&E assets	g)	-	(72,000)	72,000
Unrealized loss on investment	h)	(1,000)	-	(1,000)
Gain on sale of investment	i)	18,750	-	18,750
Other income (expense)		$ 18,158	$ (72,000)	$ 90,158

Some key explanations follow:

f) Investment in flexible GIC's in 2012; N/A in 2011.

g) Write-down of Morris Lake properties in Northwest Territories in 2011, due to impairment; N/A in 2012.

h) Unrealized write-down of held-for-trading investment in 2012, N/A in 2011.

i) Sale of unquoted equity investment in 2012 (N/A in 2011) for gross proceeds of $20,000; carrying value of $1,250.

Deferred Tax (Recovery) Expense:

See MD&A section "G) Quarterly Results" for information concerning the income tax recovery in 2012 and 2011.

I) LIQUIDITY AND CAPITAL RESOURCES:

The Company has available cash and working capital resources as outlined below. The Company also has a flow-through expenditure commitment to be satisfied from available resources.

As at	March 31, 2012	December 31, 2011	March 31, 2011
Cash and cash equivalents	$ 345,760	$ 1,0008,105	$ 1,008,105
Working capital [includes cash and cash equivalents]	383,070	564,139	980,990
Flow-through expenditure commitment	620,000	722,000	937,000

The Company's management recognizes the need to raise additional capital in 2012 to fund both exploration and operating activities.

Shares Issued to Acquire Assets
No shares were issued in Q1-2012 to acquire E&E assets. Details of 50,000 common shares issued by the Company after March 31, 2012, to acquire E&E assets, are disclosed in MD&A sections "E) Exploration and Evaluation Assets" and "J) Share Data". This transaction did not affect the Company's liquidity.

Net Capital Resources Raised
In 2011, the Company raised total net capital resources of $1,126,331 from private placements and warrant/option exercises. This amount was net of issue costs paid/payable in cash (but excludes the effect of other warrants issued and recorded as transaction costs, and also deferred tax benefits). Details of the 2011 private placement follow. No funds were raised in Q1-2012 from either private placements or warrant/option exercises.

Private Placements
The Company participates in capital resource transactions with investors and others to raise funds for exploration and working capital purposes. This may include private placements and exercises of share purchase warrants and stock options.

In November 2011, the Company completed a non-brokered private placement of 6,991,667 units at a price of $0.15 each for total gross proceeds of $1,048,750. Each unit consisted of one common share and one-half purchase warrant, each whole warrant entitling the holder to purchase one additional non-flow-through common share at a price of $0.20 per share for a period of 24 months from the closing of the offering. The 6,991,667 common shares and 3,495.834 investor warrants issued are subject to a 4-month restricted period. Of the common shares issued in the private placement, 5,243,750 (i.e. 75%) were flow-through shares. Issue costs were $98,369 and 200,000 broker warrants were also issued in connection with this offering. The $45,000 value assigned to these broker warrants was calculated using the Black-Scholes pricing model, and recorded as a transaction cost reducing both share capital and deficit.

The related 75% flow-through commitment of $786,563 arising from this private placement is further discussed in section "M) Commitments and Contingencies".

Off-Balance Sheet Arrangements
The Company has no off-balance sheet financing arrangements.

J) SHARE DATA:

The Company's share data as at March 31, 2012 with a roll-forward to May 24, 2012, the date of this MD&A, is as follows:

Share data	As at March 31, 2012	Transactions after March 31, 2012	As at May 24, 2012
Common shares outstanding (see sections E, I)	70,569,369	50,000	70,619,369
Potential issuance of common shares			
Warrants (see schedule below)	28,903,001	-	28,903,001
Stock options issued to directors, officers and others (see schedule below)	6,900,000	-	6,900,000
Fully diluted number of common shares outstanding	106,372,370	50,000	106,422,370

Outstanding Warrants:

Expiry date	Original term (years)	Exercise price	As at March 31, 2012	Transactions after March 31, 2012	As at May 24, 2012
June 30, 2012	3	$0.20	4,091,500	-	4,091,500
November 2, 2012	2	$0.15	3,750,000	-	3,750,000
November 2, 2012	2	$0.08	110,000	-	110,000
December 30, 2012	3	$0.20	3,000,000	-	3,000,000
January 27, 2013	3	$0.20	13,654,000	-	13,654,000
June 29, 2013	2	$0.30	150,000	-	150,000
Nov./Dec., 2013	2	$0.20	3,495,834	-	3,495,834
Nov./Dec., 2013	2	$0.20	651,667	-	651,667
Totals			28,903,001	-	28,903,001

The 28,903,001 outstanding warrants have a weighted average exercise price of $0.19 each. The Company has the right to accelerate the expiry of the unexercised 13,654,000 investor warrants issued on January 27, 2010, if the Company's stock trades over $0.30 for 30 consecutive days.

Outstanding and Exercisable Stock Options:

Expiry date	Exercise price	As at March 31, 2012	Transactions after March 31, 2012	As at May 24, 2012
January 8, 2013	$0.135	50,000	-	50,000
April 9, 2013	$0.16	550,000	-	550,000
September 12, 2013	$0.115	100,000	-	100,000
February 4, 2015	$0.11	650,000	-	650,000
October 6, 2015	$0.125	1,200,000	-	1,200,000
November 15, 2015	$0.17	700,000	-	700,000
May 17, 2016	$0.24	300,000	-	300,000
September 12, 2016	$0.17	1,675,000	-	1,675,000
December 8, 2016	$0.20	1,675,000	-	1,675,000
Totals		6,900,000	-	6,900,000

The 6,900,000 outstanding stock options have a weighted average exercise price of $0.17 each. All of these options have a 5-year term and vested at their respective grant dates.

K) RELATED PARTY TRANSACTIONS:

The Company considers its related parties to consist of the Company's key management personnel (i.e. officers, directors and advisory committee members) and close family members and companies related to such individuals. Details of transactions with key management personnel and their related companies, for the three months ended March 31, 2012 and 2011, are as follows:

	2012	2011
Condensed Interim Statements of Loss and Comprehensive Loss		
Management fees – Officers	$ 39,989	$ 38,095
Rent – Officers and director	6,330	-
	$ 46,319	$ 38,095

The Company's officers receive management fees through their companies pursuant to fee-for-service arrangements with the Company, in lieu of salaries. The Company's board of directors approves these fees and the share-based compensation.

Trade and other payables as at March 31, 2012 includes amounts owed to related parties of $16,547 (December 31, 2011 – $32,507) consisting of amounts owed to officers and their companies/law firm (see Note 9). These related party liabilities are unsecured, non-interest bearing, and due within 30 days.

L) FINANCIAL INSTRUMENTS:

The Company's financial instruments consist of cash (classified as loans and receivables), cash equivalents and an investment (classified as financial assets at fair value through profit or loss), amounts receivable (classified as loans and receivables), and accounts payable and accrued liabilities (classified as other financial liabilities).

The Company's investor warrants are equity instruments and not financial liabilities or financial derivatives.

As at March 31, 2012, the carrying values and fair values of the Company's financial instruments are approximately the same. In addition, the Company's financial instruments that are carried at fair value consist of cash equivalents, classified as "Level 2", and a FVTPL investment, classified as "Level 1", within the fair value hierarchy.

The Company has not used any hedging or financial derivatives.

M) COMMITMENTS AND CONTINGENCIES:

Flow-through Shares:

As at December 31, 2011, the Company is committed to incur, on a best efforts basis, $786,563 in qualifying Canadian exploration expenditures pursuant to a private placement for which flow-through share proceeds had been received and renounced to investors with an effective date of December 31, 2011. As at March 31, 2012, the Company had incurred qualifying expenditures of approximately $167,000; accordingly, the Company must incur approximately $620,000 of qualifying expenditures prior to January 1, 2013.

The Company has agreed to indemnify the subscribers of its flow-through shares for tax-related amounts that become payable by them, if the Company fails to meet it expenditure commitments.

Environmental Contingencies:

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations and has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

N) CRITICAL ACCOUNTING POLICIES:

Use of Judgments, Estimates and Assumptions:

The preparation of financial statements using accounting policies that comply with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The estimates and underlying assumptions are based on historical experience and other factors believed to be reasonable under the circumstances. Accounting estimates are reviewed on an on-going basis and revisions are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant items in the Condensed Interim Financial Statements that involve the use of estimates include the valuation of exploration and evaluation assets, other warrants and share-based compensation, decommissioning, restoration and similar obligations, and the valuation of deferred income tax assets.

Below are excerpts of two critical accounting policies from the significant accounting policies presented in the Company's annual audited IFRS financial statements for the year-ended December 31, 2011, along with management's commentary.

MINERAL PROPERTIES – ACCOUNTING POLICIES

The Company's accounting policies for mineral property interests are as follows:

Pre-exploration

Prospecting and other pre-exploration expenditures incurred before the Company has the legal right to explore a mineral property are charged to profit or loss as incurred.

Exploration and Evaluation ("E&E") Assets

Acquisition costs and deferred exploration expenditures are capitalized to intangible assets. Acquisition costs are the costs of acquiring legal rights to explore a mineral property. Deferred exploration expenditures are exploration and evaluation expenditures incurred after the Company has secured the legal rights to explore.

N) CRITICAL ACCOUNTING POLICIES (Continued):

Use of Judgments, Estimates and Assumptions (Continued):

MINERAL PROPERTIES – ACCOUNTING POLICIES (Continued)

Acquisition costs include cash consideration paid and the fair market value of shares issued by the Company. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Deferred exploration expenditures include such items as drilling and camps, transportation, technical studies, assays, consulting fees and property-specific general and administrative expenses. Amounts recovered and administrative fees earned from exploration partners are applied as a reduction of the cost of the related mineral property interest.

The Company assesses its individual exploration and evaluation properties for impairment when facts and circumstances indicate that the carrying amount may not be recoverable. The expiry of rights to explore, the cessation of planned exploration activities, and the indication of mineral reserves that are insufficient to recover the capitalized costs are important factors the Company considers in identifying impairment. When an impairment situation is identified, a write-down of the related intangible asset is charged to profit or loss.

Management's Commentary

In 2011, the Company applied the impairment policy for E&E assets above to its Morris Lake properties, with the result that these properties were written down by $3,635,489. The Company continues to apply the impairment policy to its other properties at each reporting date.

DEFERRED TAX ASSETS – ACCOUNTING POLICY

The carrying amounts of individual deferred tax assets are reviewed at the reporting date but are only recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

In assessing the probability that a potential deferred tax asset will be recovered, management makes estimates as to the Company's future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken by the Company will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Management's Commentary

The Company has a potential deferred tax asset of approximately $478,000 as at March 31, 2012, which the Company has not recorded, on the basis that it is not probable that the Company will generate future taxable income to utilize it. The potential deferred tax asset is attributable to the write-down of exploration and evaluation assets as at December 31, 2011.

O) NEW IFRS ACCOUNTING STANDARDS NOT YET ADOPTED:

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for the Company's accounting periods beginning on or after January 1, 2012. These include:

New IFRS standards	Description	Effective date
• IFRS 9 – Financial Instruments (issued November 2009 and revised October 2010)	The existing standard was expanded in 2010 to include guidance on the classification and measurement of financial liabilities.	January 1, 2015 (extended from January 1, 2013)
• IFRS 10 – Consolidated Financial Statements (issued May 2011)	The standard provides a new definition of control, which is intended to provide more consistent guidance in the determination of whether control exists to justify consolidation of investees.	January 1, 2013
• IFRS 11 – Joint Arrangements (issued May 2011)	The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.	January 1, 2013
• IFRS 12 – Disclosure of Interests in Other Entities (issued May 2011)	The standard sets out disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.	January 1, 2013
• IFRS 13 – Fair Value Measurement (issued May 2011)	The standard provides guidance on measuring fair value when required by other IFRS's.	January 1, 2013
• Amendments to IAS 1 – Presentation of Financial Statements (issued June 2011)	The standard addresses accounting and disclosure for investments in subsidiaries, joint ventures and associates in separate financial statements.	July 1, 2012
• Amendments to IAS 27 – Separate Financial Statements (issued May 2011)	The standard addresses accounting and disclosure for investments in subsidiaries, joint ventures and associates in separate financial statements.	January 1, 2013
• Amendments to IAS 28 – Investments in Associates and Joint Ventures (issued May 2011)	The standard establishes accounting principles for investments in associates under significant influence. It sets out the equity method of accounting for investments in associates and joint ventures.	January 1, 2013

These eight new IFRS standards apply to annual periods beginning on or after the stated effective date. Early adoption is available, however, if an entity early adopts any of IFRS 10, 11, 12, or amendments to IAS27/28, it must adopt all five of these standards at the same time. Management is currently assessing the impact of adopting these proposed new standards on the Company's financial reporting.