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VIKING GOLD EXPLORATION INC.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2010

GENERAL:

This Management Discussion and Analysis ("MD&A") prepared as of April 27, 2011, should be read together with the audited financial statements of **Viking Gold Exploration Inc.** (hereafter "**Viking Gold**" or "**the Company**") for the year ended December 31, 2010, including the related notes. The Company's audited financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts herein are expressed in Canadian dollars, unless otherwise indicated. 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.

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.

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.

As at December 31, 2010, the Company had working capital of $1,046,650, which amount included $940,000 of funds set aside to satisfy its flow-through expenditure obligations. The excess working capital of $106,650 is sufficient to enable the Company to fund its current activities. However, longer-term continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes that sufficient working capital will be obtained 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 involved in gold exploration, an inherently high-risk activity. Exploration is also capital intensive and the Company has no funding mechanism other than equity financing and potential joint venture financing arrangements with other mining and 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.

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.

MINERAL PROPERTIES:

Description of Properties:
The Company has six (2009 – five) active mineral properties that comprise its "Morris Lake Project", an 86.21 square kilometre block of contiguous leases and claims situated approximately 73 kilometres north of Yellowknife, Northwest Territories. The Morris Lake Project measures approximately 16.6 kilometres along the northerly trend of mineralized rocks and across an average width of 4.3 kilometres. The zone of interest is comprised of volcanic and related sedimentary rocks, commonly rusty from the weathering of carbonate alteration and disseminated sulphide minerals.

The northern boundary of the Morris Lake Project lies next to the Tyhee Development property containing the past-producing Discovery Yellowknife Mine. The mine operated from 1950 to 1968 and produced one million ounces of gold from one million tons of ore. The band of mineralized rocks extends 95 kilometres southerly to Yellowknife, where it hosts the past-producing Giant Yellowknife and Con gold mines. Together these two mines have produced approximately 13 million ounces of gold over a period of 65 years ending in 2005.

The Company's five mineral properties making up the Morris Lake Project, with additional information about the related exploration expenditures and acquisition costs, are as follows:

Property Name	Mineral Tenure	Area (sq. km)	2010 Exploration Expenditures	2010 Acq'n Costs	2009 Exploration Expenditures	2009 Acq'n Costs
a) Viking Yellowknife	3 leases (i)	3.28	(ii) $ 875	$ -	$ 6,791	$ -
b) Max Lake	2 leases (iii)	7.33	1,843	-	3,216	-
c) ML Properties	5 claims (iii)	12.87	128	-	1,052	-
d) Peregrine	5 claims (i)	47.73	472,440	-	277,272	-
e) Maguire Lake	3 claims (iii)	15.00	-	-	720	10,967
f) LM Claims	3 claims (iii)	15.00	-	8,277	-	-
Totals		86.21	$ 475,286	$ 8,277	$ 289,051	$ 10,967

Notes:
(i) 60% joint venture interest
(ii) Net of $653 (2009 – $4,850) of expenditures attributable to the Company's joint venture partner, and also net of administrative fees earned of ($103) (2009 – $485)
(iii) 100% interest

MINERAL PROPERTIES (Continued):

Additional Information:

a) Viking Yellowknife:

The Company owns a 60% interest in the Viking Yellowknife Joint Venture ("the Joint Venture"), an unincorporated entity created to conduct exploration activities on three mining leases that comprise the Viking Yellowknife property. Viking Yellowknife Gold Mines Limited, a 78.8%-owned subsidiary of Lakota Resources Inc. ("Lakota"), owns the remaining 40% interest in the Joint Venture.

Total accumulated costs of $1,597,819 incurred prior to January 1, 2008, on this formerly optioned property, were 100% attributable to the Company. Costs incurred thereafter are attributable to the Joint Venture partners in their proportionate interests. As at December 31, 2010, the Company has spent a cumulative total of $1,964,768 on the Viking Yellowknife property.

b) Max Lake:

Pursuant to an arm's length option agreement with Aur Resources Inc. dated September 15, 2004, the Company earned a 100% interest in two mining leases located in the Northwest Territories, subject to a 2% net smelter return ("NSR"). The Company has the right to purchase 50% of the NSR for $1,000,000. These leases expire on May 28, 2018. As of December 31, 2010, the Company has spent a cumulative total of $542,369 on the Max Lake property.

c) ML Properties:

This group of contiguous properties is comprised of five claims staked by the Company (ML1, ML2, ML3, ML4 and ML5), which are presently all in good standing as a result of receiving governmental approval of the Company's Limnic Survey Report, in January 2011. This report was filed in May 2009 to attest to the completion of assessment work. Expenditures of approximately $3,500 will be required over the next three years in order to keep these claims in good standing. As at December 31, 2010, the Company has spent a cumulative total of $113,121 on the ML properties.

d) Peregrine:

The Company has an agreement with Peregrine Diamonds Ltd. ("Peregrine") with respect to certain lands held by Peregrine. The optioned property consists of five claims (DM3, DM4, DM10, DM11 and DM15).

Under the original agreement, the Company had a four year right to explore for minerals other than diamonds, subject to completing an airborne geophysical survey in 2006 (completed) and maintaining the property in good standing under the Mining Act (NWT). If the Company completed $1 million of exploration work by September 9, 2011 (modified from April 21, 2010 by way of an Amending Agreement dated April 9, 2009), it would earn a 60% joint venture interest with Peregrine owning the other 40%. The Amending Agreement contains a dilution formula in the event either joint venture partner fails to fund approved programs, and a conversion clause requiring an automatic conversion to a 2% NSR should a partner's joint venture interest fall to below 15%. The Amending Agreement also acknowledges that BHP Billiton currently holds a 2% NSR, which may be purchased for fair market value as determined by a third party valuator acceptable to the parties.

As of May 31, 2010, the Company believed it had satisfied its earn-in expenditure commitment (with the permitted inclusion of a calculated allowance for overhead) though this was not confirmed by Peregrine until March 28, 2011. The Company now holds a 60% joint venture interest and may, at any time, submit a joint exploration program for approval by Peregrine, as previously explained.

The Peregrine claims are presently all in good standing as a result of receiving government approval of the Company's Limnic Survey Report, as previously explained under ML Properties. The joint venture has the right to explore the properties covered by the five Peregrine mineral claims until November 7, 2012, at which time the individual claims must be brought to lease or they will expire and the joint venture will lose its right to continue exploration. The process of bringing one or more of the Peregrine claims to lease would require a land survey to be performed at an estimated average cost to the joint venture of $60,000 per claim.

Total accumulated costs of $971,382, incurred to December 31, 2010 on the Peregrine property, are 100% attributable to the Company.

MINERAL PROPERTIES (Continued):

Additional Information (Continued):

e) Maguire Lake:

This new group of three contiguous claims (RG1, RG2 and RG3) lies to the north of, and adjoins, the Peregrine property described above. The Company staked these claims in April 2009. Parts of these claims fall within the one kilometre area of influence of the Peregrine Option agreement. The next reporting date for assessment credits on these claims is in May 2011 whereby a minimum of $4.00 per acre (approximately $18,000 of total exploration expenditures) should have been incurred by the Company. Although only $720 of exploration work has been performed on these claims to date, the Company anticipates that excess assessment credits from two adjacent Peregrine claims will be available to cover the Maguire Lake requirements. As at December 31, 2010, the Company has spent a cumulative total of $11,687 on the Maguire Lake properties.

f) LM Claims:

In May 2010, the Company staked 3 claims (LM1, LM2 and LM3) on new lands adjacent to ML Properties, Max Lake and Peregrine at a cost of $8,277. Parts of these claims fall within the one kilometre area of influence of the original Peregrine Option agreement.

Exploration Activities – 2010:

Most Recent Exploration Programs

In December 2009 and January 2010, the Company raised $870,000 of additional capital through non-brokered private placements and, accordingly, on February 8, 2010, it announced that it was mobilizing for a winter exploration drill program on its optioned Peregrine property.

The drill program comprised the drilling of 9 holes totalling 1,935 metres by March 31, 2010. A total of 651 samples were assayed. The program cost approximately $450,000 and was designed to test the projected south-westerly extension of Tyhee's Ormsby mineralized zone, and the Company's geophysical (2006) and lake sediment geochemical (2007) anomalies along a distance of 1.7 kms. The 9-hole, 2010 winter drill program was preceded by a 3-hole, 2009 summer drill and channel sampling program (see Viking Gold Press Release dated October 7, 2009). Drill hole information and related assay results were presented in a map accompanying the Q2-2010 MD&A.

Area of Exploration

The property adjoining the optioned Peregrine property is held by Tyhee Development Corp. ("Tyhee") and was the site of the Discovery Mine, the most important discovery of high-grade gold mineralization in the new Yellowknife Gold camp, following the discovery of the Con and Giant deposits. The Discovery Mine produced over one million ounces of gold from one million tons of ore between 1949 and 1969. That deposit was short and narrow in area but extended to over 4,000 feet vertically.

Diamond drilling on its property has enabled Tyhee to report a measured resource of 3.3 million tonnes averaging 3.41 gms/tonne (329,000 oz Au) and an additional indicated resource of 7.898 million tonnes averaging 3.42 gms/tonne (1.198 million oz Au). This work by Tyhee and predecessor companies has defined the Ormsby Zone to within 500 metres of the Tyhee/Viking boundary. Refer to Tyhee's website at www.tyhee.com for further details.

Conclusions Previously Reported in Q2-2010

The Viking Gold 2009 summer and 2010 winter exploration programs provided the first significant drill testing and confirmation of the continuation of the Ormsby gold zone south of the Tyhee discovery. As reported in the Company's July 21, 2010 press release, an evaluation of the assay results indicated anomalous values of gold, arsenic and lead occurring in conjunction with electrically conductive and magnetic zones along a defined mineralized southwest trending zone of at least 2,200 meters in length. The Company also reported its belief that the trending zone is an extension of the Ormsby mineralized deposit situated on Tyhee Development Corp.'s adjoining property to the north.

MINERAL PROPERTIES (Continued):

Exploration Activities – 2010:

Conclusions Previously Reported in Q2-2010 (Continued)

The objective of the 2009-2010 drill programs has been met. The extension of a long known zone of gold mineralization including significant past production, has been verified by the drilling of widely spaced drill holes, and a broad range of anomalous gold values has been encountered with supportive pathfinder minerals and elements.

The administration of the 2010 winter drill program and the logging of core were managed by Consulting Geologist William MacRae, M.Sc., P.Geol. The Qualified Person for all of the Company's projects in 2010 was Robert M. Ginn, Ph. D., P. Eng, who was President and CEO of Viking Gold. Dr. Ginn resigned on June 22, 2010 and continued to work for the Company thereafter as a Technical Consultant.

During the past three years, the Company has focused its efforts on identifying and exploring suitable mineral exploration targets on its optioned Viking Yellowknife and Peregrine mineral properties, in order to satisfy related joint venture earn-in obligations. In 2007, the Company completed a $1.5 million expenditure requirement for Viking Yellowknife, and in 2010, it completed a $1.0 Million expenditure requirement for Peregrine.

Other Events Including New Acquisitions

The Company held its Annual General and Special Meeting on October 7, 2010, at which time it appointed Mr. Mark Edwards as its new President and CEO. The Company has also added Mr. Edwards and Mr. John McCleery to its Board of Directors to fill the vacancies left by the resignations of Dr. Ginn and Mr. Rob Whittall.

The Company has also raised additional capital in each of Q3-2010 and Q4-2010 for general working capital purposes and to finance future mineral exploration, respectively (see section "Liquidity and Capital Resources").

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

The Company is in discussions with its two joint venture partners to determine future exploration programs with the related NWT properties (i.e. Viking Yellowknife and Peregrine).

New Acquisition – Venton Lake Project

On April 12, 2011, the Company signed a Letter Agreement in which it will be granted an option to earn-in a 100% undivided interest in certain mining claims located near Thunder Bay, Ontario known as the "Venton Lake Project." The precise terms of the transactions contemplated in the Letter Agreement will be contained in a "Definitive Agreement" to be entered into between the parties.

The Letter 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), 50,000 shares (after the first year), 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 is entitled to purchase up to 0.5% 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 have been in good standing for at least the six months following the date of abandonment.

SELECTED ANNUAL INFORMATION:

The following table shows selected financial information for Viking Gold for the past three years, prepared in accordance with Canadian GAAP:

Year Ended December 31	2010	2009	2008
Financial Results			
Additions to mineral properties	$ 483,563	$ 300,018	$ 408,621
Interest income	-	716	5,543
Stock-based compensation (i)	321,000	-	75,000
Net loss and comprehensive loss	(502,127)	(52,622)	(182,464)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)
Dividends	-	-	-
Financial Position			
Working capital	$ 1,046,650	$ 112,950	$ 83,910
Mineral properties	3,611,604	3,128,041	2,828,023
Total assets	4,767,477	3,329,195	2,973,490
Future income tax liability (ii)	311,000	256,200	290,300
Share capital, warrants & contributed surplus	6,860,448	4,998,877	4,587,587
Deficit	(2,500,883)	(1,998,756)	(1,946,134)

Notes:

(i) For additional details, see the section "Results of Operations for the Year Ended December 31, 2010."

(ii) The Company's future income tax liability as at December 31, 2010 is primarily attributable to cumulative temporary taxable differences, created by the renunciation to investors of resource expenditure deductions for income tax purposes, as relates to flow-through share arrangements. This future income tax liability in respect of exploration properties of $504,000 has been reduced by the estimated tax savings from non-capital losses and other unused tax write-offs of $193,000, thereby leaving a net future tax liability of $311,000.

QUARTERLY RESULTS:

Summarized quarterly results for Viking Gold for the past eight quarters, prepared in accordance with Canadian GAAP are as follows:

Quarter Ended	December 31, 2010 (Q4)	September 30, 2010 (Q3)	June 30, 2010 (Q2)	March 31, 2010 (Q1)
Additions to mineral properties	$ 17,140	$ 3,399	$ 52,754	$ 410,270
Net (loss)	(295,162)	(32,531)	(33,368)	(141,066)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Quarter Ended	December 31, 2009 (Q4)	September 30, 2009 (Q3)	June 30, 2009 (Q2)	March 31, 2009 (Q1)
Additions to mineral properties	$ 15,427	$ 261,726	$ 17,939	$ 4,926
Net income (loss)	19,232	(18,021)	(33,469)	(20,364)
Basic and diluted income (loss) per share	0.00	(0.00)	(0.00)	(0.00)

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.

In addition, the quarterly results are also affected by the timing of stock option grants since the associated cost is recognized at the time of the grant. Stock-based compensation, a non-cash expense, was recorded in the following quarterly periods: Q4-2010 - $210,000, Q1-2010 - $111,000. No related expense was record in fiscal 2009.

The Q4-2010 net loss of $295,162 (Q4-2009 net income of $19,232) is net of a future income tax expense of $10,550 (Q4-2009 future income tax recovery of $50,100). In Q4-2009, the large recovery was attributable to a reduction in the Company's future enacted and substantively enacted income tax rates occurring in that quarter.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2010:

Interest Income:
Interest income of Nil in 2010 was 100% lower than the 2009 income of $716. As a result of nominal interest rates, the Company did not invest in flexible GIC's until shortly before the end of the year.

Expenses:
Total expenses of $530,577 in 2010 were 275% higher than the 2009 total expenses of $141,438. The increase of $389,139 was due to increased individual expenses in most areas of operation, as further explained below.

a) Management Fees
Management fees of $83,120 in 2010 were 74% higher than the 2009 fees of $47,649. The increase of $35,471 was due to the following:

	2010	2009	Increase (Decrease)
CEO – M. Edwards	$ 19,500	$ -	$ 19,500
CEO/Consultant – R. Ginn	14,010	21,224	(7,214)
Acting CEO – J. Hansuld (also Chairman)	5,000	-	5,000
CFO – G. Supol	34,610	26,425	8,185
Executive Assistant – D. Clarry	10,000	-	10,000
Total Management Fees	$ 83,120	$ 47,649	$ 35,471

R. Ginn resigned as CEO on June 22, 2010. M. Edwards started as CEO effective October 1, 2010. J. Hansuld filled in as acting CEO during the interim period. R. Ginn worked as a Technical Consultant during the period July 1 to December 31, 2010. D. Clarry provided administrative assistance in Q1-2010.

For additional information, please refer to the section "Related Party Transactions."

b) Stock-based Compensation
In 2010, a total of 3,100,000 stock options were granted to directors, officers and consultants. The related compensation expense determined using the Black-Scholes model was: 2010 – $321,000, 2009 – Nil. No stock options were granted in 2009.

c) Professional and Regulatory Fees
Professional and regulatory fees of $54,067 in 2010 were 41% higher in 2010 than the 2009 expense of $38,239. The increase of $15,828 was due to increased legal and regulatory fees of $12,561 and increased audit and accounting fees of $3,267. These expense increases were directly related to increased administrative and financing activities in 2010.

d) Office and Administration
Office and administration expense of $57,685 in 2010 was 14% higher than the 2009 expense of $50,758. The increase of $6,927 was primarily due to the following factors – an increase in insurance premiums in 2010 of $2,026 (due to increased coverage), increased rent expense in 2010 of $1,032; an increase in trust services in 2010 of $1,930; and an increase in clerical and admin support of $1,676.

e) Part XII.6 Tax
In 2010, the Company updated its Part XII.6 tax filings. The $9,023 Part XII.6 tax included in operations represents the excess of payments made in 2010 over the $14,055 amount previously accrued.

f) Amortization
Amortization of $3,445 in 2010 was 23% lower than the 2009 expense of $4,490. The decrease of $1,045 was due to calculations using the declining-balance basis of amortization.

LIQUIDITY AND CAPITAL RESOURCES:

Liquidity

At December 31, 2010, the Company had a working capital surplus of $1,046,650, defined as the difference between current assets and current liabilities, compared with a surplus of $112,950 at December 31, 2009, an increase of $933,700. Working capital surplus as at December 31, 2008 was $83,910.

At December 31, 2010, the Company had cash resources of $1,099,517 compared to $171,496 at December 31, 2009, an increase of $928,021. Cash resources as at December 31, 2008 were $116,579.

For the years ended December 31, 2010 and 2009, the net changes in working capital and cash resources were attributable to:

	2010	2009
Purchase of equipment	$ (426)	$ -
Mineral property expenditures	(483,563)	(300,018)
Issuance of private placement units	1,670,000	495,010
Exercise of warrants	40,000	-
Exercise of options	20,500	-
Issue costs, excluding $22,000 of brokers' warrants	(106,679)	(29,720)
Net loss for the year	(502,127)	(52,622)
Items in net loss not affecting working capital		
Stock-based compensation	321,000	-
Amortization	3,445	4,490
Future income taxes	(28,450)	(88,100)
Net increase in working capital	933,700	29,040
Changes in working capital items		
(Increase) in sundry receivables and prepaids	(29,717)	(5,260)
Increase in accounts payable and accruals	24,038	31,137
Net increase in cash resources	$ 928,021	$ 54,917

Capital Resources

During the year, the Company raised $1,670,000 (2009 - $495,010) through non-brokered private placements, to finance exploration activities and to provide working capital. The private placements were for units comprised of flow-through and non-flow-through common shares, and warrants to acquire non-flow-through common shares.

A summary of the 2010 private placements follows:

Issue Date	# of Units/Shares Issued	Unit Price	Gross Proceeds	Proceeds Attributed to Warrants	# of Warrants Issued	Exercise Price of Warrants/ Exercise Period
Flow-through						
January 27, 2010	9,600,000	$ 0.05	$ 480,000	$ 183,800	9,600,000	$0.20 – 3 years
December 30, 2010	2,233,332	0.30	670,000	76,000	1,116,666	$0.50 – 1 year
Non-flow-through						
January 27, 2010	4,400,000	0.05	220,000	84,200	4,400,000	$0.20 – 3 years
November 2, 2010	3,750,000	0.08	300,000	112,000	3,750,000	$0.15 – 2 years
	19,983,332		$ 1,670,000	$ 456,000	18,866,666	

LIQUIDITY AND CAPITAL RESOURCES (Continued):

Capital Resources (Continued)
Details of other transactions involving the Company's capital resources follow.

Issue costs of $106,679, were allocated $83,087 to shares and $23,592 to warrants. In 2010, 320,000 units were acquired by officers and directors for gross proceeds of $58,500.

On November 2, 2010, the Company issued, as additional finders' fees, 110,000 brokers' compensation warrants to acquire an equal number of non-flow-through common shares at a price of $0.08 per share until November 1, 2012. The Black-Scholes value of these warrants at the time of issue was $12,000.

On December 2, 2010, the Company issued 200,000 common shares to an investor, upon the exercise of 200,000 warrants at an exercise price of $0.20 per share, for total proceeds of $40,000.

On December 10, 2010, the Company issued 150,000 common shares to a director, upon the exercise of 150,000 stock options, for total proceeds of $20,500.

On December 30, 2010, the Company issued, as additional finders' fees, 142,333 brokers' compensation warrants to acquire an equal number of non-flow-through common shares at a price of $0.30 per share until December 29, 2011. The Black-Scholes value of these warrants at the time of issue was $10,000.

Capital Resource Transactions After the 2010 Fiscal Year-end
Subsequent to year-end, the Company issued a total of 546,000 common shares to investors upon the exercise of 546,000 warrants at an exercise price of $0.20 per share, for total proceeds of $109,200. The warrants were originally issued on January 27, 2010.

On February 25, 2011, the Company issued 125,000 common shares to a director, upon the exercise of 125,000 stock options at $0.15 per share, for total proceeds of $18,750. These options were originally granted on March 3, 2006. On March 3, 2010, 50,000 stock options expired. These options were originally issued on March 3, 2006 (see Note 8a)). On April 25, 2011, the Company issued 250,000 common shares to a consultant (who was a former officer and director) upon the exercise of 250,000 stock options at $0.11 per share, for total proceeds of $27,500. These options were originally granted on February 4, 2010.

Management estimates that the Company will require additional funds in 2011 to meet its working capital and mineral property obligations and while the Company has been successful in raising capital in the past, there can be no assurance that it will be able to do so in the future. The Company has no off-balance sheet financing arrangements.

SHARE DATA:

The Company's share data as at April 27, 2011 is as follows:

	December 31, 2010		Subsequent Events - 2011	April 27, 2010
Common shares outstanding	60,856,702	(i)(ii)	921,000	61,777,702
Potential issuance of common shares				
Warrants	26,410,499	(i)	(546,000)	25,864,499
Stock options issued to directors, officers and consultants	3,975,000	(ii)(iii)	(425,000)	3,550,000
Fully Diluted Number of Shares Outstanding	91,242,201		(50,000)	91,192,201

Notes:
(i) Shares increased (warrants decreased) by 546,000 warrants exercised in 2011 (200,000 warrants exercised on February 2, 2011, 300,000 warrants exercised on April 14, 2011, and 46,000 warrants exercised on April 20, 2011).
(ii) Shares increased (options decreased) by 375,000 options exercised in 2011 (125,000 options on February 25, 2011 and 250,000 on March 25, 2011).
(iii) Options decreased by 50,000 options expired on March 3, 2011.

RELATED PARTY TRANSACTIONS:

During the year ended December 31, 2010, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees totalling $83,120 (2009 - $47,649) in operations, as further explained in the section "Results of Operations for the Year Ended December 31, 2010."

b) Paid or accrued geology fees to the former CEO totalling $23,000 (2009 - $24,290) and capitalized them to mineral properties as incurred.

Please see additional comments concerning related parties in the section "Liquidity and Capital Resources."

Accounts payable and accrued liabilities as at December 31, 2010 includes $7,000 (December 31, 2009 – $29,974) owed to officers and directors of the Company. This amount is unsecured, non-interest bearing and is due within 30 days. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

COMMITMENTS AND CONTINGENCIES:

Flow-through Shares

Subsequent to year-end, the Company renounced $1,150,000 of tax benefits to flow-through share investors with an effective date of December 31, 2010. As at December 31, 2010, $940,000 of this amount remains to be spent on eligible exploration expenditures prior to January 1, 2012. The Company has agreed to indemnify the subscribers of its flow-through shares for any 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 generally becoming more restrictive. The Company has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

NEW ACCOUNTING STANDARDS:

New Accounting Standards
The Company did not choose to early adopt in 2010 any accounting standards changes that are effective in future periods.

Future Accounting Changes
International Financial Reporting Standards
On February 13, 2008 the Accounting Standards Board ("AcSB") confirmed January 1, 2011 as the mandatory changeover date to International Financial Reporting Standards ("IFRS") for all Canadian publicly accountable enterprises. Specifically, the Company will prepare IFRS financial statements for its interim periods and fiscal year ends commencing on and after January 1, 2011 with comparative information for 2010 restated under IFRS. The Company is continuing to assess and develop its plans for adoption of IFRS and is monitoring the progress of early adopters within its industry.

The Company's IFRS implementation project consists of three phases:

- Phase I – the preparation of a preliminary impact assessment to identify key areas that may be impacted by the transition to IFRS.
- Phase II – the selection of IFRS accounting policies by management and review by the audit committee; the quantification of the impact of changes on our existing accounting policies on the opening IFRS balance sheet and the development of draft IFRS financial statements.
- Phase III – the implementation of the required changes to information systems and business policies and procedures. This will enable the Company to collect the financial information necessary to prepare IFRS financial statements and obtain audit committee approval of IFRS financial statements.

Management has completed Phase I and is engaged in Phase II. It expects to have completed its Phase II and Phase III work within 30 days of the date of this MD&A. To date, it has identified the following key areas where changes are likely to occur in the Company's financial reporting under IFRS, as compared to Canadian GAAP:

Area of Change	Nature of Change
Financial statement formats	Renaming of statements and modified formats
Exploration property interests	Presentation of exploration and evaluation expenditures; new impairment tests
Flow-through shares	Recognition and timing of future income taxes relating to flow-through renunciations to investors
Warrants	Valuation of warrants and related equity disclosures
Share-based compensation	Recording of share-based compensation credit; graded vesting provisions
Income taxes	Measurement of income taxes and related disclosures
Note disclosures	General enhancement of note disclosures to provide readers with more information about accounting policies used and individual financial statement items

Based on findings to date, management does not expect that adoption of IFRS will have a significant impact on the Company's present systems and processes. It plans to implement minor changes to the Company's general ledger account descriptions and may also modify some calculation methodologies currently in use for specific financial statement items. As final IFRS accounting policies are selected, appropriate changes will be made to ensure the integrity of internal control over financial reporting including disclosure controls and procedures.

NEW ACCOUNTING STANDARDS (Continued):

Future Accounting Changes (Continued)

Other CICA Standards

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards are effective for fiscal years beginning on or after January 1, 2011. Management believes that these new standards, if adopted, would not have a material impact on the Company's Canadian GAAP financial statements. The Company will not be required to adopt these new CICA accounting standards prior to its changeover to IFRS.

April 27, 2011
Toronto, Ontario