VIKING GOLD
EXPLORATION INC.
www.vikinggold.ca

Suite 2B – 2900 John Street
Markham, ON L3R 5G3
T: 905 752-2008
F: 905 752-2298

VIKING GOLD EXPLORATION INC.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

GENERAL:

This Management Discussion and Analysis ("MD&A") document prepared as of June 24, 2011, 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, 2011, including the related notes. The condensed interim financial statements are prepared in accordance with IAS 34, "Interim Financial Reporting" using accounting policies that comply with International Financial Reporting Standards ("IFRS").

The Company's transition date from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is January 1, 2010, with a corresponding IFRS adoption date of January 1, 2011. Accordingly, the preparation of the condensed interim financial statements has resulted in changes to the accounting policies 'as compared with the Company's most recent annual Canadian GAAP financial statements prepared as at December 31, 2010 and for the year then ended. Refer to the penultimate MD&A section, "Conversion to IFRS" (on Page 15) for further information.

All amounts herein are expressed in Canadian dollars, and are based on the Company's IFRS accounting policies, unless otherwise indicated. The address of the Company's registered 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.

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 March 31, 2011, the Company had working capital of $980,990, which amount included $937,000 of funds set aside to satisfy its flow-through expenditure obligations. The excess working capital of $43,990, plus $117,200 of additional funds received from warrant and share option exercises after March 31, 2011, 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 financings (including private placements and exercises of warrants and share options) and potential joint venture financing arrangements with other mineral exploration companies.

RISK AND UNCERTAINTIES (Continued):

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 Existing Properties:

The Company currently has six active gold exploration 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, as follows:

Properties	Mineral Tenure	# of Claims/ Leases
Morris Lake Project, NT		
Viking Yellowknife	Leases (Joint Venture)	3
Max Lake	Leases	2
ML Properties	Claims	5
Peregrine	Claims (Joint Venture)	5
Maguire Lake	Claims	3
LM Claims	Claims	3
		21

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.

MINERAL PROPERTIES (Continued):

Description of Existing Properties (Continued):

A continuity of the Company's exploration and evaluation assets for the year ended December 31, 2010 and the three months ended March 31, 2011, follows:

Continuity of E&E assets, under IFRS	Balance, December 31, 2009	Expenditures for year 2010	Balance, December 31, 2010	Expenditures for 3-mth period in 2011	Write-downs for 3-mth period in 2011	Balance, March 31, 2011
Morris Lake Project, NT						
Acquisition expenditures						
Viking Yellowknife	$ 123,500	$ -	$ 123,500	$ -	$ -	$ 123,500
Max Lake	29,700	-	29,700	-	-	29,700
ML Properties	8,359	-	8,359	-	-	8,359
Peregrine	-	-	-	-	-	-
Maguire Lake	10,967	-	10,967	-	-	10,967
LM Claims	-	8,277	8,277	-	-	8,277
	172,526	8,277	180,803	-	-	180,803
Deferred exploration expenditures						
Viking Yellowknife	1,840,393	875	1,841,268	-	-	1,841,268
Max Lake	510,826	1,843	512,669	-	-	512,669
ML Properties	104,634	128	104,762	-	-	104,762
Peregrine	498,942	472,440	971,382	2,508	(72,000)	901,890
Maguire Lake	720	-	720	-	-	720
LM Claims	-	-	-	-	-	-
	2,955,515	475,286	3,430,801	2,508	(72,000)	3,361,309
Total expenditures						
Viking Yellowknife	1,963,893	875	1,964,768	-	-	1,964,768
Max Lake	540,526	1,843	542,369	-	-	542,369
ML Properties	112,993	128	113,121	-	-	113,121
Peregrine	498,942	472,440	971,382	2,508	(72,000)	901,890
Maguire Lake	11,687	-	11,687	-	-	11,687
LM Claims	-	8,277	8,277	-	-	8,277
	$ 3,128,041	$ 483,563	$ 3,611,604	$ 2,508	$ (72,000)	$ 3,542,112

Information concerning each of the individual properties comprising the Morris Lake Project follows:

Additional Information:

a) Viking Yellowknife:

The Company owns a 60% interest in the Viking Yellowknife Joint Venture, an unincorporated entity created to conduct future 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 expenditures of $1,597,819 incurred prior to January 1, 2008, on this formerly optioned property, were 100% attributable to the Company. Expenditures incurred thereafter are attributable to the Joint Venture partners in their proportionate interests. As at March 31, 2011, the Company has spent a cumulative total of $1,964,768 on the Viking Yellowknife property.

MINERAL PROPERTIES (Continued):

Additional Information (Continued):

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 in May 2018. As of March 31, 2011, 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, 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 March 31, 2011, 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 property consists of five claims.

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 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.

In March 2011, the joint venture's ability to explore the Peregrine claims was interrupted by the expiry of a land use permit issued by the Mackenzie Valley Land and Water Board (the "MVLWB"). Continued exploration of these claims is subject to the joint venture securing a new land use permit from the MVLWB, working in consultation with local native governments.

In addition, 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 by the joint venture at an estimated average cost of $60,000 per claim. The Company's management estimates that of the five Peregrine claims, only two are worthy of being brought to lease. Accordingly, the Company has written down (to nil) its $72,000 carrying value of the three Peregrine claims that would not likely be brought to lease by the joint venture. The $901,890 remaining carrying value of the other two Peregrine claims as at March 31, 2011 is 100% attributable to the Company.

MINERAL PROPERTIES (Continued):

Additional Information (Continued):

e) Maguire Lake:

This group of three contiguous claims 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. The Company's continued exploration of these claims is also subject to obtaining a new land use permit. As at March 31, 2011, the Company has spent a cumulative total of $11,687 on the Maguire Lake property.

f) LM Claims:

In May 2010, the Company staked 3 claims 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.

g) Joint Ventures

The Company accounts for its 60% interest in the Viking Yellowknife joint venture using the proportionate consolidation method of accounting. The following amounts are included in the financial statements and represents the Company's proportionate share of the combined assets, liabilities, revenues, expenses and cash flows of the joint venture:

Condensed interim statements of financial position, under IFRS	March 31, 2011	December 31, 2010	January 1, 2010
Exploration and evaluation assets	$ 385,478	$ 385,478	$ 384,499

Condensed interim statements of cash flows, under IFRS	Three months ended March 31, 2011	Year ended December 31, 2010	Three months ended March 31, 2010
Cash (used in) investing activities			
Exploration and evaluation expenditures	$ -	$ (979)	$ -

The Viking Yellowknife joint venture has not generated any revenue or expenses since inception. Amounts receivable and prepaid expenses as at March 31, 2011 includes $8,511 (December 31, 2010 – $8,511, March 31, 2010 – $7,755) due from Viking Yellowknife. This amount is unsecured, non-interest bearing and due on demand.

The Company will prospectively account for its 60% interest in the joint venture with Peregrine using the proportionate consolidation method of accounting, when the joint venture partners agree to move forward with a new exploration program.

MINERAL PROPERTIES (Continued):

Exploration Activities – 2007 to 2011:

Overview

During the past few 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. The Peregrine work included a 9-hole, 2010 winter drill program and a 3-hole, 2009 summer drill and channel sampling program.

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 conclusion that the trending zone is an extension of the Ormsby mineralized deposit situated on Tyhee Development Corp.'s adjoining property to the north.

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.

Recent Activities

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. In April 2011, the Company worked with its Viking Yellowknife Joint Venture partner to renew a mineral lease that would have otherwise expired on April 30, 2011. The Company is currently evaluating past results and determining next steps with its joint venture partners, in the further development of the Morris Lake Project.

Over the past few months, the Company has set out to acquire several new gold exploration properties to compliment its current portfolio of properties. To date, the Company has agreed to purchase claims in three strategic locations. The Company has begun an exploration program on the Verneuil properties and expects to commence exploration of the Larose claims and the Venton Lake Project later this summer. More discussions about these plans follow in the next section "New Acquisitions – 2011".

MINERAL PROPERTIES (Continued):

New Acquisitions – 2011:

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 share options. Background information on the members follows.

Mackenzie (Mac) Watson has over 50 years experience in the exploration, development, and mining industry in Canada, and has been involved in the discovery of numerous mineral deposits in Canada. He is currently Honorary Chairman of the Board of Quest Rare Minerals, which he created by a spinoff of uranium properties from Freewest Resources Canada Inc. in 2007. He was recently awarded the prospector of the year award in 2010, for his contribution, with others, to the mineral discoveries in the Ring Of Fire area of Northern Ontario. Prior to that Mac had been President of Freewest Resources Canada Inc. from 1994 until it was recently sold to Cliff Natural Resources. Mac was awarded Canada's Prospector of the Year Award in 1991 for his participation in the discovery of the Harker Holloway gold mine (Ontario). Other discoveries he was associated with are, the Icon–Sullivan copper mine (Quebec), the Long Lake zinc mine (Ontario), the Ellison gold deposit (Quebec) and the Hebecourt copper deposit (Quebec). He was also awarded the Quebec Prospector of the Year, partly for his participation in the discovery of the Pusticamica gold deposit in Quebec.

Rejean Gosselin graduated from Laval University in 1979 with ad M.Sc. in Geology. He has worked as a consulting geologist on uranium, gold and base metals mining exploration projects in Canada, United States, and South America from 1979 to 1985. For the past 25 years, Rejean acted as founder and promoter of numerous junior mining companies exploring for different commodities in Canada, West Africa, and Mexico. Rejean is responsible for gold, nickel-copper-PGE and zinc-copper discoveries in Canada and Mexico (Souart gold deposit, Abitibi, Delta Ni-Cu-PGE deposit, Ungava and Bolivar Zn-Cu mine in Mexico). Recent involvements include Dia Bras Exploration as President and CEO from 2003 to 2008 and most recently as Chairman of the Board of Maya Gold and Silver.

Venton Lake Project

On April 12, 2011, the Company signed a Letter Agreement in which it is granted an option to earn a 100% undivided interest in the "Venton Lake Project" – 13 mining claims located in the Thunder Bay Mining District, Ontario, 100 kms south of the "Ring of Fire" complex. 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), 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 is to 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 repurchase 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 have been in good standing for at least the six months following the date of abandonment.

The TSX-V approved the Venton Lake Project transaction on April 26, 2011. The transaction is subject to formal closing at which time the Company will release the consideration owing.

MINERAL PROPERTIES (Continued):

New Acquisitions – 2011:

Acquisition of Additional Mineral Property Interests

On May 17, 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% interest in the Verneuil property ("Verneuil") and a 100% undivided interest of the Larose property ("Larose"), in exchange for a combined share-based payment of 1,000,000 common shares and a 0.5% NSR on each property.

Verneuil is comprised of 44 claims in Verneuil Township in the Abitibi region of Quebec. The 30% interest in Verneuil is held by Golden Tag Resources Ltd. Larose is comprised of 16 claims in Moss Township in northwestern Ontario. Verneuil 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 a 100% undivided interest in 10 mining claims located immediately east of Verneuil in exchange for cash of $20,000, a share-based payment of 200,000 common shares and a 2% NSR in perpetuity. The Company may repurchase half of the 2% NSR at any time for $1,000,000.

On June 13, 2011, the Company signed a Letter Agreement with other parties in which it agreed to acquire a 100% undivided interest in 19 mining claims located immediately west of Verneuil in exchange for cash of $30,000, a share-based payment of 300,000 common shares and 150,000 warrants (exercisable at a price of $0.30 for 2 years), and a 2% NSR in perpetuity. The estimated fair value of the other warrants issued will be treated as a transaction cost for the common shares issued. The Company may repurchase half of the 2% NSR at any time for $1,000,000.

The TSX-V approved the Freewest transaction on May 27, 2011 and the two Verneuil claims transactions on June 21, 2011. All three transactions are subject to their respective formal closings, at which times, the Company will release the related consideration owing.

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 met from available resources.

Under IFRS	March 31, 2011	December 31, 2010	January 1, 2010
Cash and cash equivalents	$ 1,030,604	$ 1,099,517	$ 171,496
Working capital [includes cash and cash equivalents]	980,990	1,010,983	109,057
Flow-through expenditure commitment	937,000	940,000	187,000

Working capital is defined as current assets less current liabilities.

Capital Resources:

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 share options.

During the three months ended March 31, 2011, the Company did not raise any new funds through private placements. On February 25, 2011, the Company issued 125,000 common shares to a director, upon the exercise of 125,000 share options at $0.15 per share, for total proceeds of $18,750.

During the year-ended December 31, 2010, 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.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Capital Resources: (Continued)

A summary of the 2010 private placements follows:

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

Details of other 2010 transactions involving the Company's capital resources follow.

Issue costs of $106,679 were incurred in 2010. 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.

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 share 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.

Capital Resource Transactions After March 31, 2011

Exercise of Warrants

On April 19 and 21, 2011, the Company issued a total of 346,000 common shares to investors upon the exercise of 346,000 warrants at a price of $0.20 per share, for total proceeds of $69,200.

Exercise of Share Options

On April 25, 2011, the Company issued 250,000 common shares to an employee upon the exercise of 250,000 share options at a price of $0.11 per share, for total proceeds of $27,500. On June 8, 2011, the Company issued 150,000 common shares to an director upon the exercise of 150,000 share options (50,000 at a price of $0.15 per share and 100,000 at a price of $0.13 per share), for total proceeds of $20,500.

The total funds raised from these exercises after March 31, 2011 was $117,200. The funds will be used for the acquisition of mineral properties and for general working capital purposes. The Company's management anticipates that it will raise additional capital resources through private placements in 2011 and/or 2012.

The Company has no off-balance sheet financing arrangements.

QUARTERLY RESULTS:

Summarized quarterly results for Viking Gold for the past eight quarters, prepared using the Company's new accounting principles under International Financial Reporting Standards ("IFRS") or Canadian GAAP ("GAAP") are as follows:

Quarter ended	March 31, 2011 (Q1-IFRS)	December 31, 2010 (Q4-IFRS)	September 30, 2010 (Q3-IFRS)	June 30, 2010 (Q2-IFRS)
Additions to mineral properties	$ 2,508	$ 17,140	$ 3,399	$ 52,754
Income tax expense (recovery)	(39,382)	14,835	(12,150)	(1,881)
Net (loss)	(119,603)	(299,447)	(33,381)	(44,487)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

Quarter ended	March 31, 2010 (Q1-IFRS)	December 31, 2009 (Q4-GAAP)	September 30, 2009 (Q3-GAAP)	June 30, 2009 (Q2-GAAP)
Additions to mineral properties	$ 410,270	$ 15,427	$ 261,726	$ 17,939
Income tax expense (recovery)	85,675	(50,100)	(7,000)	(13,000)
Net income (loss)	(239,741)	19,232	(18,021)	(33,469)
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, 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 (Canadian GAAP – future) income tax provisions.

Share-based compensation expense was recorded in the following quarterly periods: Q4-2010 (IFRS) - $210,000; Q1-2010 (IFRS) - $111,000. No related expense was recorded in 2009.

A write-down of exploration and evaluation assets of $72,000 was recorded in Q1-2011 (IFRS), as explained in the MD&A section, Mineral Properties.

Income tax expense (recovery) for each quarter is also disclosed above. In Q4-2009 (GAAP), the $50,100 income tax 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 THREE MONTHS ENDED MARCH 31, 2011:

Net Loss:

Net loss of $119,603 in 2011 was 50% lower than the 2010 net loss of $239,741. The decrease in net loss of $120,138 was due to:

Components of net loss, under IFRS	% change	Three months ended March 31, 2011	Three months ended March 31, 2010	(Increase) decrease in loss
Total expenses and operating loss	- 44	$ (86,985)	$ (154,066)	$ 67,081
Other (expense) – write-down of exploration and evaluation asset	-	(72,000)	-	(72,000)
Deferred tax recovery (expense)	- 146	39,382	(85,675)	125,057
Net Loss	- 50	$ (119,603)	$ (239,741)	$ 120,138

For comments on fluctuations in individual expenses see below.

A write-down of exploration and evaluation assets of $72,000 was recorded in Q1-2011, as explained in the MD&A section, “Mineral Properties”.

Total Expenses and Operating Loss:

Total expenses and operating loss of $86,985 in 2011 was 44% lower than the 2010 total expenses and operating loss of $154,066. The decrease in expenses and operating loss of $67,081 is further explained below:

Components of expenses, under IFRS		% change	Three months ended March 31, 2011	Three months ended March 31, 2010	Increase (decrease)
Management fees	a)	+ 114	$ 38,095	$ 17,775	$ 20,320
Share-based compensation	b)	- 100	-	111,000	(111,000)
Professional and regulatory fees	c)	+ 160	27,327	10,495	16,832
Office and administration	d)	+ 44	19,813	13,796	6,017
Depreciation		- 25	750	1,000	(250)
Investigation of new properties	e)	100	1,000	-	1,000
Total expenses and operating loss		- 44	$ 86,985	$ 154,066	$ (67,081)

Some key explanations follow:

a) A new, full-time CEO was in place in Q1-2011, but not in Q1-2010.

b) Share options were granted/expensed as share-based compensation in Q1-2010; no share options were granted/expensed in Q1-2011.

c) Increased filing, legal and audit fees are applicable in Q1-2011, which is consistent with higher activity levels.

d) Increases in Q1-2011 rent of $2,414 (additional space), meals and entertainment of $2,076 (PDAC), trust services of $1,752; decrease in Q1-2011 newswire services of $709; these items account for most of the $6,017 net increase in 2011.

e) N/A in 2010.

SHARE DATA:

The Company's share data as at March 31, 2011 with a roll-forward to June 24, 2011, the date of this MD&A, is as follows:

Share data, under IFRS	Reference	As at March 31, 2011	Transactions after March 31, 2011	As at June 24, 2011
Common shares outstanding	(i)(ii)(iii)(v)	61,181,702	896,000	62,077,702
Potential issuance of common shares				
Warrants (see schedule below)	(ii)	26,210,499	(346,000)	25,864,499
Share options issued to directors, officers and others (see schedule below)	(iii)(iv)(v)	3,800,000	(100,000)	3,700,000
Fully diluted number of common shares outstanding		91,192,201	450,000	91,642,201

Outstanding Warrants:

Expiry date	Original term in years	Exercise price	Reference	As at March 31, 2011	Transactions after March 31, 2011	As at June 24, 2011
December 30, 2011	1	$0.50		1,116,666	-	1,116,666
December 30, 2011	1	$0.30		142,333	-	142,333
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	(ii)	14,000,000	(346,000)	13,654,000
Totals				26,210,499	(346,000)	25,864,499

Outstanding and Exercisable Share Options:

Expiry date	Exercise price	Reference	March 31, 2011	Transactions after March 31, 2011	As at June 24, 2011
June 19, 2011	$0.15	(v)	50,000	(50,000)	-
January 26, 2012	$0.13	(v)	250,000	(100,000)	150,000
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	(iii)	900,000	(250,000)	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	(iv)	-	300,000	300,000
Totals			3,800,000	(100,000)	3,700,000

Common Shares Issued after March 31, 2011:

(i) Common shares increased to reflect 150,000 shares issued as an initial property option payment on the Venton Lake Project on June XX, 2011.

Warrants Exercised after March 31, 2011:

(ii) Common shares increased and warrants decreased to reflect 346,000 warrants exercised on April 19 and 21, 2011.

Share Options Exercised and Granted after March 31, 2011:

(iii) Common shares increased and options decreased to reflect 250,000 options exercised on April 25, 2011.

(iv) Options increased to reflect the Company's granting of an aggregate total of 300,000 share options to three officers on May 17, 2011.

(v) Common shares increased and options decreased to reflect 150,000 options exercised on June 8, 2011.

SHARE DATA (Continued):

Share-based Payment Commitments:

The Company has signed agreements after March 31, 2011 to acquire mineral property interests and make related share-based payments (other than as property option payments) totalling 1,500,000 common shares and 150,000 warrants – see MD&A section, “Mineral Properties”. These share-based payment commitments are excluded from the calculation of fully diluted number of common shares outstanding as at June 21, 2011.

RELATED PARTY TRANSACTIONS:

At present, the Company considers its related parties to consist of: i) members of the Company’s key management personnel (e.g. officers and directors), their close family members, and companies controlled or significantly influenced by such individuals; and ii) joint ventures and related partners.

Details of transactions with joint ventures and related partners are disclosed in the MD&A section, “Mineral Properties”. Details of transactions with other related parties for the three months ended March 31, 2011 and 2010 are as follows:

Summary of transactions, under IFRS	Three months ended March 31, 2011	Three months ended March 31, 2010
Condensed interim statements of financial position		
Evaluation and exploration assets		
Geology fees for three months ended March 31 – officer, capitalized	$ -	$ 23,000
Condensed interim statements of loss and comprehensive loss		
Management fees – officers	$ 38,095	$ 17,775
Share-based compensation		
Share options granted to employees, vested		
Officers	$ -	$ 50,871
Non-executive directors	-	55,501
Others	-	4,628
Total	$ -	$ 111,000

The Company’s officers receive fees 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 payables includes amounts owed to officers of $3,101 as at March 31, 2011 (December 31, 2010 – $7,000, January 1, 2010 – $29,974). These related party liabilities are unsecured, non-interest bearing and due within 30 days.

FINANCIAL INSTRUMENTS:

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

As at March 31, 2011, 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 and are classified as "Level 2" within the fair value hierarchy (i.e. inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, e.g. broker quotes).

The Company has not used any hedging or financial derivatives.

COMMITMENTS AND CONTINGENCIES:

Flow-through Shares:

As at March 31, 2011, the Company is committed to incur prior to January 1, 2012 and on a best-efforts basis, approximately $937,000 in qualifying Canadian exploration expenditures pursuant to private placements for which flow-through proceeds had been received and renounced to investors with an effective date of December 31, 2010. 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 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.

CONVERSION TO IFRS:

Key IFRS Transition Dates:

The Company's transition date from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is January 1, 2010, with a corresponding IFRS adoption date of January 1, 2011. Accordingly, the preparation of the condensed interim financial statements for the three months ended March 31, 2011 has resulted in changes to the accounting policies as compared with the Company's most recent annual Canadian GAAP financial statements prepared as at December 31, 2010 and for the year then ended. The Company's IFRS accounting policies were also applied in preparing an opening IFRS statement of financial position as at the IFRS adoption date, as is required by IFRS 1, "First Time Adoption of International Financial Reporting Standards."

The impact of the transition from Canadian GAAP to IFRS is explained in Note 16 to the condensed interim financial statements for the three months ended March 31, 2011. That note contains several Canadian GAAP-IFRS reconciliations, which enable a reader to trace original GAAP-based assets, liabilities, equity and other financial statement items to the equivalent IFRS-based items.

IFRS Reporting Formats:

Under Canadian GAAP, the Company prepared its balance sheet using the current/non-current basis of presentation. Under IFRS, the Company uses the non-current/current basis of presentation in its statement of financial position. Under Canadian GAAP, the Company prepared a statement of loss, comprehensive loss and deficit. Under IFRS, the Company prepares a statement of loss and comprehensive loss along with a separate statement of changes in equity.

IFRS Transition Exceptions, Exemptions and Elections:

IFRS 1 identifies certain exceptions to retrospective application of some aspects of other IFRS's. This includes:

- Non-controlling Interests (IAS 27)

In accordance with IFRS 1, the Company has also elected to apply the following exemption to full retrospective application of IFRS:

- Business Combinations (IFRS 3)

The Company has applied IFRS 2, Share-based Payments, on a retrospective basis, as follows:

Under IFRS 1, the Company is required to account for its share-based payment transactions (for share options) that were granted after November 2, 2002 and that have not vested before the Company's January 1, 2010 IFRS transition date (of which there were none). For options granted before November 2, 2002, or granted after November 2, 2002 and vesting before the Company's IFRS transition date, the Company is not required to apply IFRS 2, but may choose to do so only if the fair value of those options granted was previously disclosed publicly and was determined at the grant date in accordance with IFRS 2.

The Company has optionally elected under IFRS 1 to apply IFRS 2 to options granted in 2002 (which were granted prior to November 2, 2002) as well as those options granted in subsequent years and vesting before the IFRS transition date, on the basis that these options satisfy the necessary inclusion tests. During the years 2002 to 2009 inclusive, there were no exercises of the Company's share options.

Use of Judgments, Estimates and Assumptions:

The preparation of condensed interim 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 ongoing 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.

CONVERSION TO IFRS (Continued):

Significant Accounting Policies:

The Company's management has prepared the table below to provide readers with additional qualitative analysis about the Company's conversion to IFRS from Canadian GAAP. The Company considers its most significant accounting policies to be: mineral properties; share capital and warrants; flow-through shares; decommissioning, restoration and similar obligations; and share-based payments (especially share options granted to key employees), which are all reviewed and compared below in point-form. It is important to note that the Company's management has selected its new IFRS accounting policies from a range of acceptable alternatives. The column "Impact of differences on transition" identifies the overall financial statement impact to the Company in converting from Canadian GAAP to IFRS on a retrospective basis.

Accounting policy	IFRS – key points	Canadian GAAP – key points	Impact of differences on transition
Mineral properties	1. Expensing of pre-exploration expenditures before the legal right to explore. 2. Exploration properties are intangible assets and are referred to as exploration and evaluation ("E&E") assets. 3. Exploration expenditures may be capitalized if the Company has secured the legal rights to explore. 4. 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. 5. Impairment tests for E&E assets are conducted at each reporting date, and focus on factors that may indicate that the carrying amount may not be recoverable (e.g. expiry of rights to explore, management's intent with the property). Write-downs of E&E assets are charged to profit or loss.	1. Similar policy applied for pre-exploration expenditures. 2. Exploration properties are a separate class of tangible asset. 3. Exploration expenditures may be capitalized if the Company has secured the legal rights to explore. EIC-174 is applied for the capitalization of costs to properties. 4. Same as IFRS. 5. A three-year test is applied to exploration delays, such that if a property was not worked on for three years, there is a presumption that the property is impaired. Impairment write-downs are charged to profit or loss.	Some balance sheet/statement of financial position classification differences under IFRS, e.g. intangible, E&E assets. The carrying values of mineral properties under Canadian GAAP, as at the IFRS transition dates, did not change under IFRS. Impairment tests will be conducted more frequently under IFRS, though the Company's transition to IFRS did not result in any changes to existing carrying values of mineral properties. The Company's decision to write-down an E&E asset in Q1-2011 is not directly attributable to the Company's conversion to IFRS.

CONVERSION TO IFRS (Continued):
Significant Accounting Policies (Continued):

Accounting policy	IFRS – key points	Canadian GAAP – key points	Impact of differences on transition
Share capital and warrants	1. Where units (common shares and warrants) are issued to investors in a private placement, the gross proceeds are assigned 100% to share capital. No separate value is assigned to investor warrants. The Company's investor warrants are equity instruments and not financial liabilities or financial derivatives. 2. Transaction costs attributed to the issuance of units decrease share capital. 3. Other warrants (e.g. broker warrants or extra warrants issued in an acquisition of mineral properties) are included in transaction costs (at estimated fair value using Black-Scholes option-pricing model) and reduce share capital with an offsetting credit to deficit. 4. When investor or other warrants are exercised, the exercise proceeds increase share capital. 5. When investor or other warrants expire, no accounting entry is recorded.	1. Where units (common shares and warrants) are issued to investors in a private placement, the gross proceeds are allocated to both common shares and warrants (equity component). The warrant allocation is made using Black-Scholes option-pricing model. 2. Transaction costs attributed to the issuance of units are allocated to decrease both share capital and warrants. 3. Other warrants are included in transaction costs (at estimated fair value using Black-Scholes option-pricing model) and reduce share capital with an offsetting credit to warrants. 4. When warrants are exercised, their original value is transferred from warrants to share capital and added to the exercise proceeds. 5. When warrants expire, the value of the warrants at issuance is transferred to contributed surplus.	Under IFRS, the Company's share capital dollar value is increased to include the equity previously allocated to a separate warrants equity component and contributed surplus. As at the January 1, 2010 IFRS transition date, the Company has reclassified $693,001 to share capital – $152,917 from warrants (representing unexpired investor warrants) and $540,084 from contributed surplus (representing expired investor warrants). As at the January 1, 2011 IFRS adoption date, the Company has reclassified $1,103,409 to share capital and $22,000 to deficit for a total of $1,125,409 – $545,465 from warrants (representing unexpired investor and other warrants) and $579,944 from contributed surplus (representing expired investor warrants).

CONVERSION TO IFRS (Continued):
Significant Accounting Policies (Continued):

Accounting policy	IFRS – key points	Canadian GAAP – key points	Impact of differences on transition
Flow-through shares Note: The Company commenced issuing flow-through shares in 2004.	1. IFRS has no specific guidance on accounting for flow-through shares. 2. Proceeds of issuing flow-through shares are allocated to share capital and the sale of tax benefits. 3. Allocation to tax benefits is recorded as a liability and is based on the estimated premium, if any, an investor pays for the Company's common shares over their quoted price. 4. As qualifying expenditures are made in each reporting period, they are capitalized to E&E assets and if the Company intends to renounce them under an existing flow-through agreement (whether using the General or Look-back Rule), they are earmarked as "effectively renounced" as at the end of the reporting period, A deferred tax expense/liability is recorded, net of a proportionate amount of any related share issue premium.	1. Canadian GAAP follows EIC-146 for guidance on accounting for flow-through shares. 2. Proceeds of issuing flow-through shares are allocated to share capital and warrants. 3. A future income tax liability should be recognized on the date the Company files its renouncement documents with the tax authorities to renounce the tax credits associated with the expenditures, provided there is reasonable expenditures that the expenditures will be made. The cost of future income taxes related to the resulting temporary difference is recorded as a cost of issuing the securities to the investors when the expenditures are renounced; the cost is allocated to common shares and warrants. 4. The date of this renouncement may differ from the effective date of renouncement that allows an investor to claim the tax deduction. 5. Future tax assets (for loss carry-forwards and/or deductible temporary differences) may be recorded (i.e. as a reduction of future tax liabilities) if certain tests can be met.	Under IFRS, the deferred tax cost relating to flow-through shares is charged to operations as deferred tax expense. Under Canadian GAAP, the future tax cost is charged against share capital and warrants. Net loss increases under the Company's IFRS accounting policy when flow-through shares are issued and qualifying expenditures are made. As at the January 1, 2010 IFRS transition date, the Company reclassified $800,471 to share capital, $3,893 to liability for share issue premium, and $46,310 to deferred income tax liability – total $850,674 – from deficit. As at the January 1, 2011 IFRS adoption date, the Company reclassified $877,554 to share capital, $35,667 to liability for share issue premium, and $52,382 to deferred income tax liability – total $965,603 – from deficit. The increase in income tax expense and net loss for Q1-2011 was $98,675 (fiscal 2010 – $114,929).

CONVERSION TO IFRS (Continued):
Significant Accounting Policies (Continued):

Accounting policy	IFRS	Canadian GAAP	Impact of differences on transition
Decommissioning, restoration and similar obligations Note: Under Canadian GAAP, these obligations are referred to as “Asset retirement obligations”.	1. Obligations to perform, or fund, site decommissioning, restoration or other rehabilitative work arise when a disturbance to a mineral property is caused by exploration, development or production. The costs associated with these obligations are capitalized to asset carrying value and accrued as liabilities on a pre-tax, discounted basis as incurred, based on management’s assumptions and best estimates. 2. Capitalized costs are charged to profit or loss over the economic life of the related asset using the unit-of-production method of amortization. 3. The related liability is adjusted each period for changes in the current market-based discount rate, and the amount and timing of the underlying cash flows needed to settle the obligation. The increase in provisions for decommissioning, restoration and similar obligations due to the passage of time, is charged to profit or loss as a finance cost.	1. The fair values of asset retirement obligations are recorded as liabilities on a discounted basis when incurred. 2. Amounts recorded for the related assets are increased by the amount of these obligations. 3. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets.	The more comprehensive accounting policy under IFRS did not result in any changes to the Company’s financial statements as at either the date of IFRS transition or date of IFRS adoption. The Company is not aware of any existing material decommissioning, restoration or similar obligations, as the disturbance to mineral properties through exploration is minimal.

CONVERSION TO IFRS (Continued):
Significant Accounting Policies (Continued):

Accounting policy	IFRS	Canadian GAAP	Impact of differences on transition
Share-based payments – share options Note: The Company commenced issuing stock options and valuing them at estimated fair value commencing in 2002.	1. When shares or other securities are issued to compensate key employees, the fair value is determined using the market value of the securities issued. 2. The fair value of share options granted to employees is determined using the Black-Scholes option-pricing model. A share-based compensation expense is recorded in profit or loss at time of vesting with an offsetting credit recorded to an Equity-settled Employee Benefit Reserve. Since the Company grants options that vest entirely at the grant date, no adjustments to compensation expense for forfeitures or graded vesting are required. 3. When options are exercised, a transfer is made from the reserve to share capital and added to the proceeds of exercise. 4. When share options expire, a transfer is made from the reserve to retained earnings (deficit). 5. The balance of the reserve at each reporting date reflects the Company's unexpired/unexercised options.	1. Same as under IFRS. 2. The fair value of stock options granted to employees is determined using the Black-Scholes option-pricing model. A stock-based compensation expense is recorded in profit or loss at time of vesting with an offsetting credit recorded to contributed surplus. 3. When options are exercised, a transfer is made from contributed surplus to share capital and added to the proceeds of exercise. 4. When stock options expire, no accounting entry is required.	Under IFRS, the Company's equity-settled employee benefit reserve is increased to include the equity previously allocated to contributed surplus. Accordingly, share-based compensation to employees is now tracked separately whereas previously, it was comingled with expired warrant values in contributed surplus. As at the January 1, 2010 IFRS transition date, the Company has reclassified $290,904 to equity-settled employee benefit reserve and $194,799 to deficit – total $485,703 – from contributed surplus. As at the January 1, 2011 IFRS adoption date, the Company has reclassified $398,175 to equity-settled employee benefit reserve and $394,158 to deficit – total $792,333 – from contributed surplus. Total compensation expense of $806,703 for the years 2002 to 2010 is the same under both Canadian GAAP and IFRS.

NEW IFRS 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 its accounting periods beginning after January 1, 2011. These include:

New IFRS standards	Description	Effective date (annual periods beginning on or after)
• Amendments to IFRS 7 – Disclosures – Financial Instruments	The amendments to this standard will allow users of financial statements to improve their understanding and disclosures of transfer transactions of financial assets.	July 1, 2011
• Amendments to IAS 12 – Income Taxes	The amendments to this standard require an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount through use or sale.	January 1, 2012
• IFRS 9 – Financial Instruments	The standard replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value. Also requires a single impairment method to be used.	January 1, 2013
• IFRS 10 – Consolidated Financial Statements	The standard provides additional guidance to assist in the determination of control where this is difficult to assess.	January 1, 2013
• IFRS 11 – Joint Arrangements	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	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	The standard sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.	January 1, 2013

Management is currently assessing the impact of adopting these proposed new standards on the Company's financial reporting.