GoldTrain Resources Inc.
Management Discussion & Analysis (the "MD&A")
June 30, 2011

Dated: July 18, 2011

GoldTrain Resources Inc. ("**GoldTrain**" or the "**Company**") is a junior exploration company engaged in exploration for mineral deposits in the Northern Ontario region of Canada. The Company is in the early exploration stage with respect to all of its properties.

This MD&A follows National Instrument Form 51-102F1 of the Canadian Securities Administrators regarding continuous disclosure for reporting issuers. It is a complement and supplement to the unaudited interim financial statements of GoldTrain for the three and six month periods ended June 30, 2011 and 2010, and the audited financial statements of GoldTrain for the year ended December 31, 2010 and the thirteen month period ended December 31, 2009, and should be read in conjunction with those statements, including the notes thereto. This MD&A represents the view of management on current activities and past and current financial results of GoldTrain as well as an outlook of the activities of the coming months. The Company's interim financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Both the interim financial statements and the MD&A can be found on SEDAR at www.sedar.com.

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars and all financial information (as derived from the Company's financial statements) has been prepared in accordance with International Financial Reporting Standards.

1.1 Date: This MD&A for the three and six month periods ended June 30, 2011 is dated effective as of July 18, 2011.

1.2 Caution Regarding Forward-Looking Statements: This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its prospects, business and the economic environment in which it operates as of the date of the MD&A. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "would", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Without limiting the generality of the foregoing, Sections 1.10 and 1.7 below entitled "*Outlook*" and "*Overall Performance*" contain some forward-looking statements with respect to opportunities for the Company to add undervalued assets to its portfolio and Section 1.9 below entitled "*Liquidity and Capital Resources*" contains some forward-looking statements, in particular with respect to prospects for future financings. These and other forward-looking statements are reasonable but involve a number of risks and uncertainties (see discussion under Section 1.18 "*Risks and Uncertainties*" below), and there can be no assurance that they will prove to be accurate. In addition, although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. Therefore, actual outcome and results may differ materially from those expressed in or implied by these forward-looking statements. Many factors could cause results to differ materially from the results discussed in the forward-looking statements, including risks related to the economic conditions and regulatory demands, which are not within the control of the Company, among others. These forward-looking statements are made as of the date of this MD&A and, subject to regulatory requirements, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Accordingly, readers should not place undue reliance on forward-looking statements.

1.3 About GoldTrain: GoldTrain's principal business is the acquisition and exploration of mineral exploration properties. The Company has material mineral properties in Northern Ontario. The Company has not presently determined whether any of its mineral rights contain mineral reserves that are economically recoverable. The exploration and development of mineral deposits involves significant financial risks. See Section 1.18 "*Risks and Uncertainties*". The Company is dependent on the success of its financing activities. The success of the Company will be influenced by a number of factors, including exploration and extraction risks, regulatory issues, environmental regulations and other matters.

1.4 Recent developments: In 2010 and continuing in 2011, the Company explored some of the mineral potential of its properties. The Company will continue to explore these properties, with a focus on the Missinabie area and to consider expanding these properties or adding new properties to its portfolio.

On June 1, 2011, GoldTrain appointed Carl McGill as Chief Executive Officer of the Corporation replacing Brian Wright who transitioned to Chief Operating Officer of the Corporation. Carl McGill is an experienced mining executive and is also currently the Vice-President, Corporate Development and a Director of Carlisle Goldfields Limited.

On June 9, 2011, the Company settled its liabilities to KWG Resources Inc. ("KWG") by issuing 7,000,000 units in satisfaction of an outstanding debt of $350,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company had borrowed 3,452,217 shares of Strike Minerals Inc. from KWG and, with KWG's consent, sold some of these shares from time to time.

On June 3, 2011, the Company closed a unit-for-debt private placement at a price of $0.05 per unit by issuing 2,260,001 units in order to settle $113,000.05 of debt owing by GoldTrain. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain directors, consultants and other creditors of the Company.

Also on June 3, 2011, the Company completed a private placement of 100,000 units at $0.05 each for an aggregate amount of $5,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company paid a cash finder's fee of $400 and granted 8,000 finder's warrants equal in number to 8% of the number of securities sold by such finder. Each Finder's Warrant will entitle the holder to purchase one common share for a price of $0.10 for a period of 24 months.

On May 2, 2011, the Company closed a unit-for-debt private placement at a price of $0.05 per unit by issuing 3,332,473 units in order to settle $166,623.66 of debt owing by GoldTrain. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain creditors, directors, officers and consultants of the Company.

On April 19, 2011, the Company completed a private placement totaling 3,240,000 units at $0.05 each for an aggregate amount of $162,000. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months.

On or about December 13, 2010, the Company entered into an agreement to purchase a 100% interest in 11 patented and 11 leased claims in Leeson Township (Nudulama Property) approximately 85 kilometers northeast of Wawa, Ontario. The patented claims are adjacent to the Missinabie Property. Under the terms of the agreement, the Company agreed to pay $100,000, issue 300,000 common shares and issue 300,000 warrants on the closing of the agreement. Each warrant will entitle the holder to acquire one common share at an exercise price of $0.10 for 24 months. The vendor will retain a 2% net smelter royalty on the property, one-half of which can be purchased for $1,000,000. This agreement is still subject to completion of closing documents and transfer of consideration by each party.

1.5 Mineral properties: The mineral properties which GoldTrain owns are those formerly owned by Goldwright; in addition, in 2010 GoldTrain acquired or entered into agreements to acquire some additional claims adjoining or close to its Missinabie Property. GoldTrain is focused on mineral exploration in Northern Ontario. The 75% owned Chiniguchi River Property, which is located in Janes Township, Sudbury Mining District, comprises a contiguous block of eight claims for slightly over 120 claim units (covering approximately 1920 hectares). GoldTrain has recently staked an additional 4 claims (49 units covering approximately 748 hectares) adjoining the Chiniguchi River property to the south (see press release dated August 11, 2010). In addition, GoldTrain has two other properties in Northern Ontario, known as the Brackin Gold Property (also called the Missinabie Property) and the Manitou Lake Property (also called the Clement Property), respectively. The 100% owned Brackin Gold Property ("Missinabie") now consists of 7 claims of which 6 are contiguous (covering approximately 1,142 hectares) in Brackin and Leeson Townships, Sault Ste Marie Mining Division, Ontario located 100 km northeast of Wawa, Ontario. GoldTrain has recently acquired 2 additional staked claims (25 units covering approximately 400 hectares) adjoining the Nudulama property to the north. The 100% owned Manitou Lake Property ("Clement") consists of 15 contiguous mining claims (227 claim units) in Clement Township, 65 kilometers northeast of Sudbury, covering approximately 3632 hectares (see press release dated August 11, 2010). Technical reports prepared in accordance with National Instrument 43-101 have been prepared for each of the Chiniguchi River Property and the Brackin Gold Property. They may be found on the Company's site on SEDAR at www.SEDAR.com.

1.6 Recent activities:

(a) Exploration activities

In 2010 and continuing in 2011, the Company was focused on its exploration activities.

Missinabie Property: In the summer of 2009, the Company undertook a channel-sampling program on its 100% owned Missinabie Property. A total of 14 samples were taken, the highlights of which are as follows:

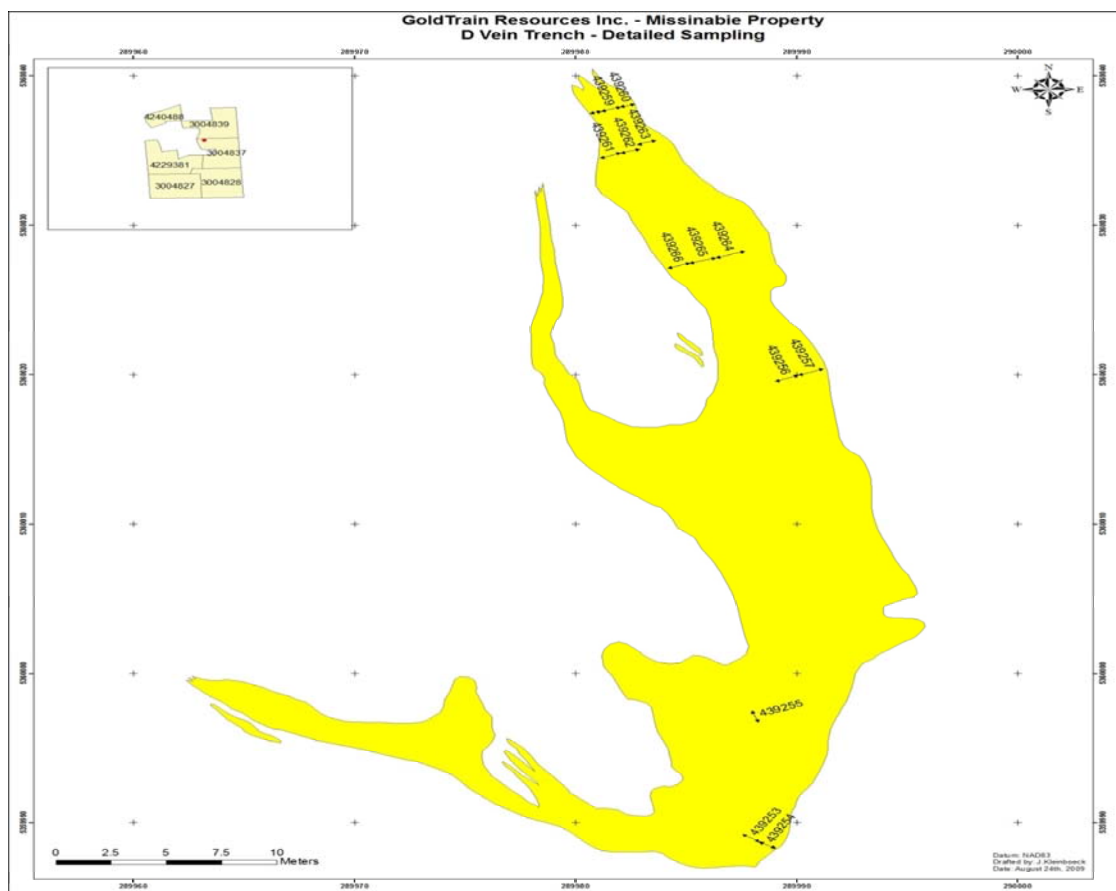
1. 21.6 g/t Au over a channel length of 2.0 m
   (Samples 439253 and 439254)
2. 10.59 g/t Au over a channel length of 3.00 m including 27.9 g/t Au over 1.0 m
   (Samples 439258, 439259 and 439260)
3. 9.82 g/t Au over a channel length of 0.65 m
   (Sample 439255)
4. 5.69 g/t Au over a channel length of 2.0 m including 10.85 g/t Au over 1 m
   (Samples 439256 and 439257)

5. 2.11 g/t Au over a channel length of 3.0 m including 5.04 g/t Au over 1 m (Samples 429261, 429262 and 429263)
6. 0.65 g/t Au over a channel length of 3.0 m including 0.9 g/t Au over 1 m (Samples 439264, 439265 and 439266)

All samples returned significant gold values ranging from a low of 0.27 g/t Au to a high of 27.9 g/t Au. The sample locations are shown in map set out below and the recent mapping has demonstrated that there is considerable potential to expand the widths of high grade values particularly in the hinge zone and along the limbs. The surface exposure of the D-vein consists of a folded quartz vein that averages approximately 3 m in width along an exposed strike length of 80 m. The veining and associated mineralization obtains widths of greater than 6 m at the hinge of the fold.

The complete results of the channel sampling program are shown in the table below.

Sample #	Vein	Length (m)	g/t Au	oz/t Au
439253	D-vein Hinge	1.00	22.6	0.66
439254	D-vein Hinge	1.00	20.6	0.60
439255	D-vein Hinge	0.65	9.82	0.29
439256	D-vein East Limb	1.00	10.85	0.32
439257	D-vein East Limb	1.00	0.53	0.02
439258	D-vein East Limb	1.00	27.9	0.81
439259	D-vein East Limb	1.00	1.08	0.03
439260	D-vein East Limb	1.00	2.79	0.08
439261	D-vein East Limb	1.00	1.01	0.03
439262	D-vein East Limb	1.00	5.04	0.15
439263	D-vein East Limb	1.00	0.27	0.01
439264	D-vein East Limb	1.00	0.9	0.03
439265	D-vein East Limb	1.00	0.47	0.01
439266	D-vein East Limb	1.00	0.59	0.02



In March 2010, the Company announced the assay results from its Phase 1 diamond-drilling program on its Missinabie Property. The program consisted of 623 m of drilling in four (4) drill holes along a strike length of approximately 200 m. The drill holes tested the "D vein" and "D structure" for near-surface mineralization to a maximum vertical depth of 125 m. The "D structure" is a north-south trending shear zone that is part of a larger system of north-south and east-west trending shear zones that host significant gold mineralization, most notably the former gold-producing Renabie Mine (historical production of 5,583,000 tons with an average grade of approximately 0.20 oz Au/ton).

Drill hole MI10-01 tested the "D Vein" where significant gold mineralization was encountered during a trenching and sampling program completed by GoldTrain (see press release dated September 9, 2009). Drill holes MI10-02 through MI10-04 tested the "D structure" over a strike length of 200 m; three holes encountered significant gold mineralization.

1. Drill hole MI10-03 intersected multiple zones including:
    - 24.80 m grading 0.56 g Au/t, including a higher grade interval within this zone grading 2.55 g Au/t over 2.20 m, and
    - 2.00 m grading 0.62 g Au/t.

2. Drill hole MI10-02 intersected multiple zones of gold mineralization including 3.40 m grading 1.09 g Au/t, 5.60 m grading 0.47 g Au/t, and 9.00 m grading 0.31 g Au/t.

3. Drill hole MI10-01 intersected 1.51 m grading 0.67 g Au/t

Hole #	Easting	Northing	From	To	Interval (m)	Grade (g Au/t)
MI-01	289952	5360048	7.23	8.74	1.51	0.667
MI-02	289802	5360176	15.90	19.30	3.4	1.09
			26.60	32.20	5.6	0.47
			62.70	71.70	9	0.31
MI-03	289866	5360108	20.50	22.50	2	0.62
			33.40	58.20	24.8	0.56
	including		56.00	58.20	2.2	2.55
MI-04	289911	5360023			No significant values	

The Phase 1 program has successfully identified the presence of significant gold mineralization encountered at shallow depths. These results will help to identify and prioritize additional drill targets for a Phase 2 diamond drilling program. Those exploration activities led the Company to stake additional claims adjoining its original claim block.

Chiniguchi River Property: In March 2010, the Company announced assay results from the drill program which had been completed on the Company's 75% owned Chiniguchi River Property in December 2007 but for which the core had not been assayed. Those assays were processed in the first quarter of 2010. Highlights included the following:

1. Hole # JR07-30 - 26.0 m of 0.54% copper, 0.22% nickel, 0.65 g palladium/t, 0.16 g platinum/t, 0.20 g gold/t including 11.0 m of 0.62% copper, 0.26% nickel, 1.18 g palladium/t, 0.23 g platinum/t, 0.25 g gold/t

2. Hole # JR07-31 - 11.0 m of 0.55% copper, 0.22% nickel, 1.30 g palladium/t, 0.24 g platinum/t, 0.22 g gold/t

3. Hole # JR07-32 - 8.0 m of 0.71% copper, 0.34% nickel, 0.53 g palladium/t, 0.14 g platinum/t, 0.16 g gold/t

4. Hole # JR07-29 - 6.0 m of 0.62% copper, 0.26% nickel, 1.93 g palladium/t, 0.31 g platinum/t, 0.25 g gold/t

A 9-hole diamond drill program totaling 826 m was drilled on GoldTrain's 75%-owned Chiniguchi River Property in December 2007. The core has been stored in a secure location at GoldTrain's field office in Hagar, Ontario. This drill program was designed to test the strike and down-dip extensions, as well as provide infill drilling of previous drill programs completed by joint-venture partners, Pacific North Capital Corp. and Anglo American Platinum Corp. The core was not logged or assayed until 2010 as GoldTrain was in the transformation of becoming a listed company.

A down-hole induced polarization (IP) survey of five drill holes completed in 2008 produced several off-hole anomalies that remain to be tested. Significant assay results from the recently completed diamond drilling program are listed in Table 1 below:

Table Significant results of the 2007 Diamond Drilling Program, Chiniguchi River Property

DDH #	From	To	Interval	Cu	Ni	Pd	Pt	Au
	(m)	(m)	(m)	%	%	gpt	gpt	gpt
JR07-29	7.20	27.00	19.80	0.48	0.20	1.09	0.20	0.19
Including	19.00	25.00	6.00	0.62	0.26	1.93	0.31	0.25
JR07-30	14.00	40.00	26.00	0.54	0.22	0.65	0.16	0.20
Including	28.00	40.00	11.00	0.62	0.26	1.18	0.23	0.25
JR07-31	13.00	37.00	24.00	0.55	0.21	0.73	0.17	0.20
Including	26.00	37.00	11.00	0.55	0.22	1.30	0.24	0.22
JR07-32	42.00	54.00	12.00	0.62	0.28	0.45	0.12	0.15
Including	46.00	54.00	8.00	0.71	0.34	0.53	0.14	0.16
JR07-27	27.00	28.00	1.00	0.18	0.07	1.29	0.23	0.13

Table 2 Diamond Drill Summary, Chiniguchi River Property

DDH	Easting	Northing	AZ	DIP	LENGTH (m)	Comments
JR07-27	547317	5171245	300	65	62	Anomalous Values
JR07-28	547317	5171245	300	45	74	Anomalous Values
JR07-29	547202	5171086	300	80	62	Significant Values
JR07-30	547238	5171129	300	80	71	Significant Values
JR07-31	547238	5171129	300	50	62	Significant Values
JR07-32	547215	5170929	300	50	71	Significant Values
JR07-33	547231	5170953	300	50	64	Not sampled off hole I.P Targets
JR07-34	547230	5171042	300	80	82	Not sampled off hole I.P Targets
JR07-35	547230	5171042	300	50	80	Not sampled off hole I.P Targets
JR07-36	547238	5171129	300	90	233	Anomalous Values Several off hole I.P targets

Clement Property: Finally, in the winter of 2009, the Company undertook a preliminary exploration program at its Clement Property comprised of an airborne high-resolution geophysical survey, followed by trenching and "ground-truthing" to help identify the local geology and mineralization and plan further exploration programs. Those exploration activities led the Company to stake additional claims adjoining its original claim block.

In September and October 2010, the Company undertook a stream sediment sampling program. A total of 10 samples over a downstream distance of approximately 500 metres were collected and assayed. All samples returned highly anomalous gold values as high as 1.58g Au/t. (See press release dated October 6, 2010.)

(b) Financing activities

On June 9, 2011, the Company settled its liabilities to KWG Resources Inc. ("KWG") by issuing 7,000,000 units in satisfaction of an outstanding debt of $350,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company had borrowed 3,452,217 shares of Strike Minerals Inc. from KWG and, with KWG's consent, sold some of these shares from time to time.

On June 3, 2011, the Company closed a unit-for-debt private placement at a price of $0.05 per unit by issuing 2,260,001 units in order to settle $113,000.05 of debt owing by GoldTrain. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain directors, consultants and other creditors of the Company.

Also on June 3, 2011, the Company completed a private placement of 100,000 units at $0.05 each for an aggregate amount of $5,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company paid a cash finder's fee of $400 and granted 8,000 finder's warrants equal in number to 8% of the number of securities sold by such finder. Each Finder's Warrant will entitle the holder to purchase one common share for a price of $0.10 for a period of 24 months.

On May 2, 2011, the Company closed a unit-for-debt private placement at a price of $0.05 per unit by issuing 3,332,473 units in order to settle $166,623.66 of debt owing by GoldTrain. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain creditors, directors, officers and consultants of the Company.

On April 19, 2011, the Company completed a private placement totaling 3,240,000 units at $0.05 each for an aggregate amount of $162,000. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months.

1.7 Overall performance:

(a) Financial Condition

The Company had a working capital $44,609 as at June 30, 2011, compared to a working capital deficiency of $447,186 as at December 31, 2010. The change in working capital deficiency was due mainly to settlement of debt through the issuance of shares and cash proceeds from the private placements in April and June 2011. Throughout the period, the Company had no cash flow generating operations and no assured capital resources. The Company is dependent on financing arrangements made in 2011 for exploration activities and dependent on arrangements for services to the Company made by its directors and officers without immediate compensation.

The future of the Company remains dependent on the success of its financing activities. The Company is without sufficient cash assets to meet its current commitments and no cash flow generating operations. The only current sources of future funds available to the Company are the sale of additional equity capital and the borrowing of funds. A possible alternative may be the credit from time to time of some service providers. There is no assurance that such funding or credit will be available or that it will be obtained on favorable terms or will provide the Company with sufficient funds or financial resources to meet its objectives, which may adversely affect the Company’s business and financial position.

(b) Results of Operations

The net loss for the three month period ended June 30, 2011 was $169,121 (2010 – $146,505) principally due to an increase in professional and consulting fees to $43,823 (2010 - $18,556) and an increase in unrealized losses on other financial assets of $75,323 (2010 - $nil) offset by a decrease in exploration and evaluation expenditures to $18,053 (2010 - $64,376) and a decrease in share based payments to $9,000 (2010 - $54,000).

The net loss for the six month period ended June 30, 2011 was $205,381 (2010 – $363,105) principally due to a decrease in exploration and evaluation expenditures to $30,428 (2010 - $244,583) and a decrease in share based payments to $9,000 (2010 - $54,000) offset by an increase in unrealized losses on other financial assets of $75,323 (2010 - $nil). The decrease is a result of the Company preserving its cash as it tried to seek additional financing to continue its exploration of the Company’s mineral properties in the future.

(c) Cash Flows

In the six month period ended June 30, 2011, the Company undertook exploration activities on all three of its properties in northern Ontario. The Company spent $30,428 and $244,583 on its properties for the six month periods ended June 30, 2011 and 2010 respectively. Operating activities used cash resources of $70,699 (2010 - $239,458). Financing activities provided cash resources of $146,393 (2010 - $nil) as the Company completed two private placements during the period. Investing activities provided cash resources of $136,166 (2010 - $nil) as the Company sold marketable securities received during the six month period. Therefore, cash resources increased by $211,860 during the six months ended June 30, 2011 (compared to a decrease of $239,458 during the same period in 2010).

Based on the foregoing, the Company had a working capital of $44,609 as at June 30, 2011, compared to a working capital deficiency of $447,186 as at December 31, 2010. The Company will be further accessing the equity market to fund expansion of the Company's agenda and complete planned mineral exploration activities. While there is no guarantee that this financing will be available, management does not have any reason to expect that it will not be accessible.

1.8 Selected financial information:

(a) Summary of quarterly results

(Thousands of dollars, except amount per share)

Quarter	Total income	Profit (loss)	Profit (loss) per share (basic and diluted)
June 30, 2011	Nil	(169)	<(0.01)
March 31, 2011	Nil	(36)	<(0.01)
December 31, 2010	Nil	(171)	<(0.01)
September 30, 2010	Nil	(59)	<(0.01)
June 30, 2010	Nil	(146)	<(0.01)
March 31, 2010	Nil	(217)	<(0.01)
December 31, 2009 (CDN GAAP)	Nil	685	0.03
September 30, 2009 (CDN GAAP)	Nil	(55)	<(0.01)

The variations between fiscal quarters in the amounts of the losses are dependent on the amount of financing raised in the applicable quarter, the amount of exploration activity conducted in such quarter and professional fees incurred in such quarter.

(b) NI 51-102 – Section 5.4: Disclosure of Outstanding Share Data

The number of issued and outstanding shares of GoldTrain as at the date hereof is 41,455,948. In addition, there are 23,050,474 share purchase warrants outstanding expiring at various dates between December 14, 2011 and June 9, 2013 and exercisable at various prices between $0.10 and $0.20 per share. There are also outstanding options to purchase 2,450,000 common shares issued under the Company's stock option plan. All options expire at various dates between January 18, 2015 and June 1, 2016 and are exercisable at various prices between $0.05 and $0.12 per share.

1.9 Liquidity and capital resources: The Company had a working capital deficiency of $447,186 as at December 31, 2010 as compared to working capital of $44,609 as at June 30, 2011. The change from working capital deficiency to a positive working capital was due mainly to settlement of debt through the issuance of shares and cash proceeds from the private placements in April and June 2011. Throughout the period, the Company had no cash flow generating operations and no assured capital resources. The Company was dependent on raising financing and on arrangements for services to the Company made by its directors and officers without immediate compensation.

It is anticipated that the Company will be able to complete private placements of "flow-through" common shares and ordinary common shares from time to time as required. The net proceeds would be used to fund exploration activities. The Company anticipates proceeding with private placements of both flow-through and non-flow-through shares from time to time to improve its cash resources and its working capital position to enable it to explore its mineral exploration properties and to cover its operating expenses.

1.10 Outlook: The Company's objectives and outlook for the remainder of 2011 are to complete the purchase of the Nudalama property and to focus on its current portfolio of assets – the Missinabie, Nudulama, Chiniguchi River and Clement projects – to continue to advance these projects. During the remainder of 2011, the Company anticipates several exploration programs consisting of the drill testing of targets and additional geophysical survey work on projects where such evaluation has the greatest possibility of generating useful data, where outcrop is limited, to identify possible drill targets for subsequent exploration phases subject always to the availability of funds.

Also, the Company will continue to research and evaluate projects and properties that complement and enhance its current portfolio of assets in northern Ontario and other locations.

Mineral Properties: Mineral property acquisition, exploration and development expenditures are expensed as incurred until the properties are placed into production, sold or abandoned. During the six month periods ended June 30, 2011 and 2010, the Company incurred the following expenditures on each of its properties as follows:

	Six months ended		**Cumulative to date ***
	June 30, 2011	June 30, 2010	
Clement Property	**$ 1,254**	$ 78,642	$ 160,473
Missinabie Property	**7,116**	156,801	516,957
Chiniguchi River/Janes Property	**6,600**	9,140	471,384
Nudulama Property	**15,458**	-	42,591
Exploration and evaluation expenditures	**$ 30,428**	$ 244,583	$ 1,191,405

* Only properties currently under exploration are included in this figure.

Six Months ended June 30, 2011

(Dollar amounts shown are approximate)

Name of Property or Project	**Acquisition Costs**	**Assay Costs and Prospect Sampling**	**Drilling and Contractors**	**Geological and Geophysical Services**	**Transportation and Accommodation**	**Other Costs**	**Total Capitalized Expenditures**
Missinabie	$3,200	$0	$0	$3,000	$916	$0	$7,116
Chiniguchi River	$0	$0	$0	$6,600	$0	$0	$6,600
Clement	$0	$0	$0	$1,200	$0	$54	$1,254
Nudulama	$11,453	$0	$0	$3,600	$0	$405	$15,458

Six months ended June 30, 2010

Name of Property or Project	Acquisition Costs	Assay Costs and Prospect Sampling	Drilling and Contractors	Geological and Geophysical Services	Transportation and Accommodation	Other Costs	Total Capitalized Expenditures
Missinabie	$16,000	$88,771	$9,432	$39,310	$2,382	$906	$156,801
Chiniguchi River	$0	$2,865	$0	$6,050	$0	$225	$9,140
Clement	$0	$15,357	$49,212	$6,500	$7,573	$0	$78,642

1.11 Significant Shareholders: To the best knowledge of the Company, at the date hereof, the Company had two shareholders who owned or exercised control over, directly or indirectly, 10% or more of the shares of the Company. As at the date hereof, KWG had direct and indirect holdings (ownership and control) of 7,000,000 common shares representing approximately 16.8% of the issued and outstanding shares (as well as 7,000,000 warrants (approximately 30.4% of such warrants)).As at the date hereof, Donald Alexander Sheldon had direct and indirect holdings (ownership and control) of 6,169,945 common shares representing approximately 14.8% of the issued and outstanding shares (as well as 3,227,151 warrants (approximately 14.0% of such warrants) and options on 250,000 common shares (approximately 10.2% of such options)).

1.12 Related party transactions: Four officers of the Company (Brian Wright, Johnny Oliveira, Carl McGill and Joerg Kleinboeck) provide professional and consulting services to the Company at standard rates. As well, a law firm of which a director of the Company, Donald Alexander Sheldon, is an officer, director and shareholder, provided professional services to the Company, and continues to provide professional services to the Company, at standard rates. In addition, the wife of an officer and director of the Company rents a core shack/field office storage facility to the Company.

1.13 Changes in accounting policies – transition to IFRS:

Transition to IFRS from GAAP

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt IFRS for financial periods beginning on and after January 1, 2011.

The Company has adopted IFRS with an adoption date of January 1, 2011 and a transition date of January 1, 2010.

IFRS Conversion

The Company's IFRS conversion plan was comprehensive and addressed matters including changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion was understood and managed reasonably, the Company hired an IFRS conversion project manager. The accounting staff attended several training courses on the adoption and implementation of IFRS. Through in-depth training and the preparation of

reconciliations of historical Canadian GAAP financial statements to IFRS, the Company believes that its accounting personnel have obtained a thorough understanding of IFRS.

In conjunction with the adoption of IFRS the Company has implemented a new accounting system, which will satisfy all the information needs of the Company under IFRS. The Company has also reviewed its current internal and disclosure control processes and believes they will not need significant modification as a result of our conversion to IFRS.

Impact of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP; however significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS will not change the actual cash flows of the Company, the adoption will result in changes to the reported financial position and results of operations of the Company. In order to allow the users of the financial statements to better understand these changes, we have provided the reconciliations between Canadian GAAP and IFRS for the total assets, total liabilities, shareholders equity and net loss in Note 3 to the interim financial statements. The adoption of IFRS has had no significant impact on the net cash flows of the Company. The changes made to the statements of financial position, and statement of comprehensive loss have resulted in reclassifications of various amounts on the statements of cash flows, however there has been no change to the net cash flows.

In preparing the reconciliations, the Company applied the principles and elections of IFRS 1, with a transition date of January 1, 2010. As the Company has adopted IFRS effective January 1, 2010, it will apply the provisions of IFRS 1 as described under the section entitled "Initial Adoption – IFRS 1", with a January 1, 2010 transition date. The Company will also apply IFRS standards in effect at December 31, 2011 as required by IFRS 1.

Initial Adoption of International Accounting Standards

IFRS 1 ''First Time Adoption of International Accounting Standards'' sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional date of the statement of financial position with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company has chosen to take the following exemptions under IFRS 1:

- to apply the requirements of IFRS 3, *Business Combinations,* prospectively from the transition date; and
- to apply the requirements of IFRS 2, *Share based payments*, only to equity instruments granted after November 7, 2002 which had not vested as of the transition date.

Comparative Information

The Company has restated all prior period figures in accordance with IFRS.

1.14 Financial instruments:

Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash, other financial assets, trade and other receivables, trade and other payables, promissory notes payable and long-term debt.

The Company's financial instruments as at June 30, 2011 include cash, other financial assets, trade and other receivables, trade and other payables, promissory notes payable and long-term debt. Fair value of cash and marketable securities is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivables and trade and other payables, promissory notes payable and long-term debt are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company has made the following classifications:

Cash	FVTPL
Other financial assets	FVTPL
Accounts receivable	Other receivables
Accounts payable and accrued liabilities	Other liabilities
Promissory notes payable	Other liabilities

1.15 Significant Accounting Policies and Critical Accounting Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. Areas where management uses subjective judgment include, but are not limited to, future income taxes, the valuation of common shares issued for the acquisition of mineral resource properties and debt settlements and the valuation of warrants and options. Management believes that these estimates are reasonable.

While the Company feels that its estimates are reasonable at this time, a prolonged decline in commodity prices may impact the Company's estimate of capitalized mineral properties in property, plant and equipment ("PP&E") and, as a result, future write-downs of these capitalized expenditures may be necessary.

Mineral properties
All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into PPE. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the declining balance method or unit-of-production method over the expected useful lives at the following rates:

• Automotive equipment	30%
• Core shack	20%

An item of PPE is de-recognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.
Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Loss per share
The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the three months ended June 30, 2011 and 2010 all of the outstanding stock options and warrants were antidilutive.

Financial assets
All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash and other financial assets are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company’s trade and other receivables are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company’s does not have any assets classified as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities
All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.
Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s trade and other payables, promissory notes payable and current and long-term portions of long-term debt

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At June 30, 2011, the Company has not classified any financial liabilities as FVTPL.

Impairment of financial assets
The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Impairment of non-financial assets
At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Cash
Cash in the statement of financial position comprise cash at banks and on hand.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Related party transactions
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Significant accounting judgments and estimates
The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; property, plant and equipment, recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing and the calculation of share based payments. The most significant judgments relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

Flow-through Shares
The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive income as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).

1.16 Off-Statement of Financial Position Arrangements: The Company has not participated in any off-statement of financial position or statement of loss arrangements.

1.17 Risks and Uncertainties: The Company faces a number of uncertainties, including the ability to raise sufficient capital to fund exploration activities and ongoing administrative expenses. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of its properties or even a loss of property interests. The business of the Company, mineral exploration and development, involves a high degree of risk. The exploration, development, mining and processing of minerals from the Company's properties will require substantial additional financing. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Nor is there any assurance that if such properties contain such ore bodies the Company will be able to discover and develop them. The extraction of metals and minerals from ore involves complicated metallurgical processes and recovery rates and costs can vary; there is no assurance that ore bodies, if discovered, will be able to be mined economically or successfully.

(a) Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruption of activities or scheduled work programs, due to weather conditions, barriers to property access, whether natural (such as floods or road damage) or man-made (such as blockades), depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company not receiving an adequate return on invested capital.

(b) Commodity Price Risk

The price of the common shares in the capital the Company, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold, copper, nickel, platinum or any other minerals discovered prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests in properties related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

(c) Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

(d) Financing Risks

The Company has limited financial resources and no current revenues. There is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

(e) Permits and Licences

The operations of the Company may require licences and permits from various governmental authorities. The Company believes that it presently holds all necessary licences and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations at its projects.

(f) No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned. Some of the Company's properties may be subject to claims from aboriginal peoples which may affect exploration activities and costs.

(g) Environmental Regulations

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploration and mining operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement; fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

(h) Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interest of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (Ontario) to disclose the conflict of interest and to abstain from voting on the matter.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

(i) Dependence on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations.

(j) Political Risk

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in that country. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

(k) Interest Rate Risk

The Company invests cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

(l) Equity Price Risk

Equity price risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its other financial assets. The Company's other financial instruments (cash, trade and other receivables, and trade and other payables) are not subject to price risk.

(m) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2011, the Company had current assets of $379,696 (December 31, 2010 - $26,151) to settle current liabilities of $335,087 (December 31, 2010 - $473,337). The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities (other than long-term debt) have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2011, the Company had working capital of $44,609 (December 31, 2010 – $447,186 working capital deficiency).

(n) Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

(o) Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

1.18 Management's Responsibility: The accompanying interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that that the Financial Statements fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

The Board of Directors approves the Financial Statements and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through its Audit Committee, which meets periodically to review all financial reports, prior to filing.

External auditors, appointed by the shareholders, have not audited or reviewed the financial statements for the three and six month periods ended June 30, 2011 and did not performed the tests deemed necessary to enable them to express an opinion on these unaudited financial statements.

1.19 Additional information: Additional information about GoldTrain is available through filings on SEDAR (WWW.SEDAR.COM)

1.20 Approval: This MD&A was reviewed and approved by the Board of Directors of GoldTrain and is effective as of July 18, 2011.