(A Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

For the Nine Month Period Ended Sept 30, 2011

Management Discussion & Analysis

The following discussion and analysis should be read in conjunction with the interim consolidated financial statements and notes of Grenville Gold Corp. for the period ended Sept 30, 2011 accompanying this report. This MD&A should be read in conjunction with the financial statements for the periods ending Sept 30, 2011 and December 31, 2010. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company and other regulatory filings can be found on the SEDAR website at www.sedar.com.

This MD&A is dated November 15, 2011.

Forward-Looking Statements

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, believe”, used by any of the Company’s management, are intended to identify forward-looking statements. Such statements reflect the Company’s “forecast”, “estimate”, “expectation” and similar expressions, as they relate to the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results,
performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Board of Directors

The current Board of Directors is comprised of Tomas Tough, Brian Thurston, Jack Bal and Sonny Janda. The directors that compose the audit committee are Jack Bal, Brian Thurston and Tomas Tough.

OVERVIEW

Grenville Gold Corp. (the “Company” or “Grenville”) is a junior natural resource issuer dedicated to developing a sustainable and profitable business by progressively procuring and developing mineral properties in South America.

Grenville was incorporated under the laws of Ontario and on June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company’s principal business is the acquisition, exploration and development of mineral properties. Grenville carries on mineral exploration projects in Peru.

The Company has two main mineral properties, the Silveria property and the Espanola property, both located in Peru. Early assay results show evidence of silver, gold, copper, zinc and lead on the properties, and have encouraged the Company to continue exploration efforts. Market prices for some of these commodities have improved recently and are at or near new highs, in comparison to historical prices.

In March, 2011, Mr. Thomas R. Tough, P. Eng., the new President of Grenville Gold, and new Company directors, along with Company geologists completed a geologic review of Grenville Gold’s land holdings when they visited the properties. Since then the Company has organized several exploration initiatives that are currently being carried out by the new technical team.

The Company is a reporting venture issuer in Ontario, British Columbia and Alberta and is listed on the TSX Venture Exchange under the symbol “GVG”, the Frankfurt Stock Exchange in Germany under the symbol “F9I”, and pink sheets in the United States under the symbol “GVLGF”.

The head office, principal address and records office of the Company are located at 8338 – 120th Street, Surrey, British Columbia, Canada, V3W 3N4. The Company’s registered address is 8338 – 120th Street, Surrey, British Columbia, Canada, V3W 3N4.

Mineral Properties

Full particulars of all projects can be found in the Company's public disclosure documents on SEDAR, the electronic data base at www.sedar.com.

Expenditures incurred on mineral properties were as follows:

	Dec. 31 2010	Expenditures	Acquisition	Write down	Sept 30, 2011
Silveria property, Peru	$	$	$	$	$
Acquisition	2,556,950	-	-	-	2,556,950
Exploration	996,571	35,477	-	-	1,032,048
Espanola property, Peru					
Acquisition	457,502	-	-	-	457,502
Exploration	110,377	33,918	-	-	144,395
	4,121,400	43,383	-		4,190,895

	Dec. 31 2009	Expenditures	Acquisition	Write down	Dec. 31, 2010
Silveria property, Peru	$	$	$	$	$
Acquisition	2,556,950	-	-	-	2,556,950
Exploration	1,453,613	20,848	-	-	1,474,461
JV cost recovery	(477,890)	-	-	-	(477,890)
Espanola property, Peru					
Acquisition	457,502	-	-	-	457,502
Exploration	89,874	20,503	-	-	110,377
	4,121,400	41,351	-	-	4,121,400

During the nine month period ending Sept 30, 2011 the additions to the mineral properties were for claims renewal fees.

Peru

Agreement for Minera Grenville S.A.C. (Formerly IMA)

To acquire all the Peruvian properties that Grenville had outlined for acquisition, in a manner consistent with Peruvian laws and tax structuring goals, it was determined in

December 2006 that IMA would be the Peruvian subsidiary into which all existing Grenville properties would be transferred. These properties included the Rosa Maria/La Espanola, the Chorobal, and the Silveria Properties.

As a result, all properties previously announced before the ratification of an Amended Share Purchase Agreement on March 13, 2007 were acquired directly by IMA on behalf of Grenville, as the Company's operating Peruvian subsidiary. The restructured purchase of IMA, by way of the Amended Share Purchase Agreement, was approved by the TSX Venture Exchange on June 1, 2007. IMA has since been re-named Minera Grenville S.A.C. ("MG")

In 2008, the Company converted US$2,731,944 of debt into common shares of Minera Grenville S.A.C. resulting in increasing their ownership from 90% to 99.998%, and transferred the Espanola concessions into a 100% owned new Peruvian Company called Minera Espanola S.A.C.

Silveria Group of Properties

On January 17, 2007, through its proposed Peruvian subsidiary, IMA, the Company announced that it had acquired the past producing Pacococha and Milotingo Mines in the San Mateo Mining District, Province of Huarochiri, Department of Lima, Peru.

On January 18, 2007, Grenville announced the acquisition of two additional past-producing mines – the Silveria and Germania Mines, bringing the total land base of all four mines to 1650 hectares. All four of these mines were acquired directly from the Ministerio de Energia Y Minas Peru, which is the government arm responsible for mining development in Peru. The various mines and mineral concessions were amalgamated to form the Silveria Group of Properties ("Silveria").

In preparation for the production of a NI 43-101 technical report, the Company contracted Horizons South America to complete ground surveying and to provide the Company with aerial views of the property and develop topographic maps covering approximately 28 square kilometers of the Silveria and surrounding area.

Knight Piesold Ltd. was retained to conduct an interim environmental scoping study on the Silveria Property. The study involved mine site inspection, examination of waste rock dumps, and tailings dams, and making recommendations regarding the location of a new tailings facility, location of a new waste rock dump, and opinions on the reprocessing of existing tailings dams.

On July 17, 2007, Grenville announced a surface rights agreement with the Communidad De Viso (Community of Viso) covering 3,933 hectares in the area of Grenville s mineral claims. This land encompasses the Pacococha, Millotingo, Silveria and Germania and captures the surface rights of the underlying mineral rights to

Grenville's current operations on Silveria.

On July 19, 2007, Grenville acquired an additional 31 mineral concessions, comprised of 620 Hectares from various mineral title owners in the Silveria region, bringing the total mineral concessions comprising the Silveria Property to 6,122 Hectares. Of these 31 concessions, 11 concessions we owned by Sociedad Minera de Responsabilidad

Grenville retained the services of Mine Fill Services Inc. to complete an independent National Instrument 43-101 Technical Report (the "Report") on the amalgamated Silveria Property and on August 28, 2007 the report on the Silveria Property was disseminated to the public. The contents of the Silveria Report can be found in its entirety on www.sedar.com.

On September 16, 2009 Grenville entered into a letter of intent (LOI) with Compania Minera Sunicancha S.A.C. to purchase 100% of 13 claims owned by Minera Sunicancha S.A.C. totaling 1,250 Ha. The purchase price is US $2,000,000. The Company paid US$25,000 upon signing the LOI. The Company had not paid the US$2,000,000 by December 27, 2009 and the US$25,000 payment was written off in 2009.

The Company continues to seek agreements with mineral concession owners in the immediate vicinity of the Silveria project.

Sliveria Joint Venture

On December 13, 2007, the Company signed a letter of intent, amended March 17, 2008, and September 26, 2008 to form a joint venture with Journey Resources ("Journey").

The Joint Venture was terminated in November 2008, due to Journey's default to fund the funds required per the agreement.

Bella Rubia

Limitada Bella Rubia ("Bella Rubia"). Bella Rubia has held permits for blasting and mining in the Silveria region which is currently in the process of being renewed.

On March 4, 2008, Grenville and its subsidiaries launched litigation in BC Supreme Court (the "Court") against High Ridge Resources Inc. ("High Ridge", now Newton) relating to certain concessions in Peru known as the "Bella Rubia" concessions. High Ridge's Peruvian subsidiary was not a party to that claim.

Newton has since sold its Peruvian subsidiary and no longer has any interests in Peru,

and claims no rights of any kind to the Bella Rubia Concessions.

February 11, 2011 Grenville Gold Corp and Newton Gold Corp agreed to end the litigation between them.

Silveria Update 2011

The Silveria project is located approximately 75 km east-northeast of Lima, Peru. The mobilization of an experienced exploration crew along with the construction of a camp was completed under the supervision of Mr. Jimenez in late April, 2011. Exploration work on the Silveria concessions commenced in May and to date work has consisted of reconnaissance and detailed mapping, along with rock chip sampling. The samples will be sent to ALS Chemex in Lima, Peru for analysis and results will be announced upon receipt.

The Company has been working on compiling several generations of previous work programs from the Silveria Concession Group and has contracted Exploration Alliance Ltd. to provide a current NI43-101 report. This report is expected to be completed soon.

Espanola and Rosa Maria Properties

On July 20, 2006, through its proposed Peruvian subsidiary, IMA, the Company entered into letters of intent to acquire up to 95% of the mineral rights over a contiguous six kilometer parcel of land located 100 km southeast of the city of Lima in the Province of Canete, Peru.

On April 23, 2007, the Company filed a National Instrument 43-101 Technical Report authored by Luc Pigeon, P.Eng. on the amalgamated La Espanola/Rosa Maria Properties, hereinafter referred to as the “Espanola Property.” The report can be found in entirety on www.sedar.com.

On May 16, 2007, the Company announced it had completed additional underground sampling on the Espanola Property, further details of which can be found in the news release dated May 16, 2007, on www.sedar.com. In 2008 the Company made no expenditures on this property.

In February 2009, through its subsidiary, Minera Espanola S.A.C., the Company entered into a joint venture agreement with American Silver Compania Minera S.A.C., a Peruvian company, to mine copper on its 400 Ha of its 7,129 Ha Espanola property. Minera Espanola was to be paid 7% of American Silver’s mining revenue from mining activities on these claims. This joint venture was terminated in November 2009.

Espanola Update 2011

The Espanola project is located approximately 90 km south of Lima, Peru and is only about 13km from the Condestable Mine which operates at a rate of 6,000 tons per day producing copper-silver-gold concentrates.

An initial exploration program of the Company's Espanola property has commenced and consists of mapping and sampling. The property has been mined intermittently in the past when high grade copper was mined from a 1-4 meter wide vein mineralized with chalcopyrite, bornite and associated gold and silver. The Company currently has the exploration team on the ground performing a thorough geological investigation of the area with the view to identifying a similar style of deposit as that of the nearby Condestable Mine.

Results of Operations

The results of operations reflect the overhead costs incurred for mineral property acquisitions and expenses incurred by the Company to maintain the properties in good standing with the Peruvian authorities and to provide an administrative infrastructure to manage the acquisition, exploration, and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions and exploration continues. As at Sept 30, 2011, the Company has not yet recorded any revenues from its exploration projects.

Summary of Annual Results

Revenue, net loss, diluted loss per common share, total assets and total long-term liabilities for the year ended December 31, 2010, with the year ended December 31, 2009, and with the year ended December 31, 2008, were as follows:

	December 31, 2010	**December 31, 2009**	**December 31, 2008**
	IFRS	CGAAP	CGAAP
Net Profit (Loss)	198,574	(690,418)	(1,898,072)
Net Profit/Loss per share	0.04	(0.14)	(0.55)
Total Assets	4,268,828	4,244,723	4,270,538
Total long term Liabilities	547,595	559,715	602,914

Summary of Quarterly Results

	Q3–Sept 30, 2011 IFRS	Q2–June 30, 2011 IFRS	Q1 - Mar 31, 2011 IFRS	Q4 – Dec 31, 2010 IFRS
Revenue	-	-	-	-
Gain (Loss)	(270,656)	18,527	(478,254)	475,564
Gain (loss) per share	(0.03)	0.003	(0.07)	0.09

	Q3- Sept 30, 2010 IFRS	Q2- June 30, 2010 IFRS	Q1 - Mar 31, 2010 IFRS	Q4 – Dec 31, 2009 CGAAP
Revenue	-	-	-	-
Gain (Loss)	(57,695)	(150,763)	(68,532)	11,564
Loss per share	(0.01)	(0.03)	(0.01)	(0.00)

Note: The large loss in Q1 2011 can be attributed to the grant of options and the consequent SBC.

Third Quarter Results

The period ending Sept 30, 2011 shows a loss of $(270,656). Most of this can be attributed to management fees.

Management compensation was $239,023 as compared with $83,089 for the period ending Sept 30, 2010.

Professional fees decreased by $5,964 in 2011 when compared with the same quarter in the previous year.

Capital Resources and Liquidity

The Company’s cash balance as at Sept 30, 2011 was $176,780 (Sept, 2010 - $3,478) and the working capital surplus was $159,145 (Sept, 2010 - $(869,076)).

During the nine months ended Sept 30, 2011, the Company raised additional funds of approximately $1.3 million through the completion of two private placements. The proceeds from those offerings will be used for working capital purposes as well continued exploration of the Company’s properties in Peru.

Financing Activities

On January 21, 2011, the Company completed a non-brokered private placement consisting of 4,000,000 units, each unit consisting of one common share at a price of $0.23 and one Common Share purchase warrant exercisable to purchase one additional Common Share at a price of $0.31 for a period of two years from closing of the Private Placement for an aggregate total amount raised of $920,000. A finder's fee of $83,000 was paid in relation to this Private Placement.

On March 25, 2011, the Company completed a second non-brokered private placement consisting of 1,050,000 units, each unit consisting of one common share at a price of $0.40 and one Common Share purchase warrant exercisable to purchase one additional Common Share at a price of $0.47 for a period of three years from closing of the Private Placement for an aggregate total amount raised of $420,000. Units and the warrants were subject to a statutory hold period expiring on June 26, 2011.

Grenville Gold Corporation expects that until it receives substantial revenues from newly acquired mineral assets, it will be required to fund its operating activities from the sale and issuance of equity securities.

Share Capital

On Sept 30, 2011, the Company had 10,620,389 common shares outstanding.

Fully diluted common shares outstanding at Sept 30, 2011 are as follows:

Shares	Category
10,620,389	Common shares without par value
1,133,000	Share Options
5,552,058	Share Warrants
17,305,447	**Balance, November XX, 2011**

	2011		**December 31, 2010**	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	5,570,339	7,698,655	5,336,539	7,581,730
Shares issued for cash	5,050,000	1,340,000		
Share issue costs		(90,245)		
Shares issued for debt				233,850
FMV of warrants attached		(1,755,900)		
FMV of warrants expired		210,997		
Balance, November 15, 2011	10,620,399	7,403,507	5,570,339	7,698,655

Grenville GOLD CORPORATION

Options

(a)

Option Number	Exercise Price	Expiry Date
11,000	$4.00	October 17, 2011
5,000	$5.00	January 9,2012
2,500	$5.20	February 15, 2012
14,500	$6.00	June 4, 2012
13,000	$6.00	August 27, 2012
72,000	$3.00	January 14, 2013
45,000	$1.00	August 8, 2013
45,000	$1.00	December 8, 2013
25,000	$1.00	April 20, 2014
900,000	$0.50	April 20, 2016
1,133,000	**Balance, November 15, 2011**	

(b)

	2011		December 31, 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	233,000	$ 2.48	343,000	$ 2.80
Options granted	900,000	0.50	-	-
Options exercised	-	-	-	-
Options expired	-	-	(110,000)	4.2
Options forfeited	-	-	-	-
Balance, November 15, 2011	**1,133,000**	**$ 0.91**	**233,000**	**$ 2.48**

Warrants

Wts. Number	Exercise Price	Expiry Date
4,000,000	$0.31	January 21, 2013
1,050,000	$0.47	March 25, 2014
5,552,058	**Balance, November 15, 2011**	

Related Party Transactions

During the nine month period ended Sept 30, 2011, the Company entered into the following transactions with related parties:

Incurred expenses of $239,023 (Sept 30, 2010 – $83,089) for management and administration costs to directors, and officers.

These transactions were in the normal course of operations and have been recorded at the exchange amount, which is the amount agreed to by the related parties

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Proposed Transactions

Although the Company is not contemplating business transactions other than those disclosed herein, project and transaction reviews are ongoing as part of regular business and the possibility of undertaking new business may arise from time to time.

Stock Based Compensation

There were 900,000 stock options granted to employees, directors and consultants during the period ended June 30, 2011.

The valuation of stock options is a result of the adoption of fair value accounting and the Company uses the Black-Scholes Option Pricing Model to determine the fair value of options granted for stock-based compensation purposes

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	April 20, 2011
Market price	$0.46
Risk free interest	2.65%
Volatility	153%
Option value	$0.426

If the outstanding warrants and options as at Sept 30, 2011 were all exercised immediately, this would provide a total of $2,764,530 cash to the Company.

During the period ended Sept 30, 2011 the Company issued, 4,000,000 shares with a two year warrant excisable at $0.31 and 1,050,000 shares with a three year warrant excisable at $0.47. The Black-Scholes Option Pricing Model was used to determine the fair value of for stock-based compensation purposes.

	January 21, 2011	March 25, 2011
Market price	$0.40	$0.50
Risk free interest	2.56%	2.71%
Volatility	173%	173%
Warrant value	$0.324	$0.438

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of share issuances. Management is of the opinion that sufficient working capital will be obtained from public share offerings to meet the Company's liabilities and commitments as they come due. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material. These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

The audit committee of the Board of Directors has reviewed the corporate disclosures in this MD&A.

Adoption policies

a. Principles of consolidation

The Company applies consolidation principles to those entities that are subject to control on a basis other than voting interests. A variable interest entity ("VIE") is defined as any legal structure not controlled by voting equity, but rather by contractual or other financial arrangements. Where the Company is considered the primary beneficiary of a VIE, consolidation is required. As at December 31, 2010, the Company has determined that it does not have any VIEs which require to be consolidated.

b. Foreign currency translation

The accounts of integrated foreign operations are translated into Canadian dollar equivalents using the temporal method whereby all monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated at rates approximating those at the transaction dates. Gains and losses are recognized in the statement of operations

c. Mineral properties

The Company capitalizes mineral property acquisition costs on a property-by-property basis. Mineral property acquisition costs include cash consideration and the fair market value of common shares issued for mineral property interests, based on the trading price of the shares at the time the acquisition is closed and shares issued pursuant to the terms of the relevant agreement. Payments relating to a property acquired under and option or joint venture

agreement, where such payments are made at the sole discretion of the Company, are recorded in the accounts upon payment. The Company defers exploration expenses relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the proven reserves available on the related property following commencement of production. Development expenditures incurred subsequent to a development decision, to increase production, or to extend the life of existing production are capitalized. Acquisition costs and deferred development expenditures are amortized over the estimated life of the property, or written off to operations if the property is abandoned, allowed to lapse, or if there is little prospect of further work being carried out by the Company or its option to joint venture partners. The amount presented for mineral property interests represents costs incurred to

date and accumulated acquisition costs, less write-downs, and does not necessarily reflect present or future values.

d. Measurement of uncertainties

The preparation of financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”) requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations, valuation of mineral properties, valuation of amounts payable, rates for depletion and amortization and stock-based compensation. Actual results could differ from those estimates. The Company had significant discussions with debtors during the year and as a result certain amounts which had been outstanding previously were settled for less than the carrying value which has resulted in a recovery during the year.

e. Asset retirement obligation

The Company records a liability for legal obligations associated with the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A liability for an asset retirement obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. Furthermore, a corresponding asset retirement cost should be recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset’s useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. The Company has no asset retirement obligation at March 31, 2011 (2010 - $Nil).

f. Equipment and machinery

Equipment and machinery are carried at cost less accumulated amortization. Amortization is calculated using a rate of 20% per year for office equipment

g. Future income taxes

The Company follows the asset and liability method of accounting for income taxes whereby future income tax assets and liabilities are determined based on differences

between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized

h. Share issue costs

Professional, consulting and regulatory fees as well as other costs that are directly attributable to financing transactions are deferred until such time as the transactions are completed. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed are charged to operations.

i. Impairment of long-lived assets

Long-lived value assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flows from use or disposal. In the event that a long-lived asset is determined to be impaired, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

j. Income (loss) per share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to calculate diluted income (loss) per share. Diluted loss per share considers the dilutive impact of the exercise of outstanding stock options, warrants and similar instruments as if the events had occurred at the beginning of the period or at time of issuance, if later. For the period ended June 30, 2011, and the period ended June 30, 2010, this calculation was not presented separately as the effect of outstanding stock options and warrants was anti-dilutive.

k. Financial instruments

Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are initially measured in the balance sheet at fair value. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost; Held-for-trading financial assets and liabilities are measured at fair

value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings. The Company designated financial instruments as follows: cash as held-for-trading, sundry receivables as loans and receivables and accounts payable as other financial liabilities. The Company also designated its marketable securities as available-for-sale investments, which are measured at fair value and any unrealized gains and losses are recognized in other comprehensive income ("OCI") unless the impairment is other than temporary.

l. Stock-based compensation

The Company accounts for stock options using the fair value method. Under the fair value method, options granted to employees and non-employees are charged against income over the period of vesting. The fair value of each option granted is estimated on the date of the grant using the Black-Scholes options pricing model. The Company has a stock-based compensation plan as disclosed in Note 6 whereby stock options are granted in accordance with the policies of regulatory authorities. Any consideration paid by employees and non-employees upon exercise of stock options is credited to share capital. The contributed surplus balance is reduced as the options are exercised and the amount initially recorded is credited to share capital. The effect of forfeitures of stock-based compensation for non-vested options is recorded as an adjustment to stock-based compensation expense in the period the stock-based compensation is forfeited. There is no adjustment made to stock-based compensation expense for forfeitures where the options have vested.

m. Changes in accounting policies

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 1582, Business Combinations ("Section 1582"), 1601, Consolidated Financial Statements ("Section 1601"), and 1602, Non-Controlling Interests ("Section 1602"), which replaced CICA Handbook Sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that are equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 and Sections 1601 and 1602 are applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011 with early adoption of these sections permitted, provided all three sections are adopted at the same time. The Company has adopted these sections effective January 1, 2010. The adoption of these sections did not have a material impact on the Company.

n. Future changes in accounting standards

International Financial Reporting Standards ("IFRS")

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Group. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS

Exemptions applied

The Group has applied the following optional transition exemptions to full retrospective application of IFRS:

- IFRS 3 "Business Combinations" has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.
- IAS 21 "The Effects of Changes in Foreign Exchange Rates" has not been applied to cumulative translation differences that existed at the date of transition to IFRS. The Group has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.
- IFRS 2 "Share-based Payment" The Group has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.
- IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" has been applied prospectively to all provisions for restoration and environmental obligations that are within the scope of International Financial Reporting Interpretations Committee ("IFRIC") "Changes in Existing Decommissioning, Restoration and Similar Liabilities". The Group has:
    - re-measured the liabilities as at January 1, 2010 in accordance with IAS 37;
    - estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rates that would have applied for that liability over the intervening period; and

- calculated the accumulated depreciation on that amount, as at January 1, 2010, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity.

- The Group has applied the transitional provision in IFRIC 4 “Determining whether an Arrangement contains a Lease” and has assessed all arrangements as at January 1, 2010.

Controls and Procedures

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52- 109”). In particular, the Company’s certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with the Company’s generally accepted accounting principles.

The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost effective basis.

Quantitative and Qualitative Risks

Credit

The Company has no long-term debt, with accounts payable and accrued liabilities being short-term and non-interest bearing. The Company’s credit risk is limited to exploration advances and other receivables. The Company is not exposed to short-term interest rates through the interest earned on cash advances.

Foreign Exchange Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial instruments that impact the Company's net earnings due to currency fluctuations include: U.S. dollar denominated cash, exploration advances and other receivables and accounts payable and accrued liabilities. The Company holds certain financial instruments in Peruvian Soles. However, due to the insignificant balances, the Company is exposed to minimal risk in those currencies.

The Company currently only maintains two bank accounts in Canada, one denominated in Canadian dollars and the other denominated in US dollars. Transactions between the accounts are converted from or to US dollars on the date of the transaction and the total of the account balances is adjusted to reflect any gain or loss on foreign exchange at the end of each month.

Hedging, Sales Contracts, Commodity and Derivative Instruments

The Company is not engaged in any commodity price hedging and has no sales contracts, commodity or derivative instruments in place.

Business Risk

Grenville's financial results may be significantly influenced by its business environment. Business risks include, but are not limited to:

- Cost to find, develop, produce and deliver commodities;
- Relationships with any current or potential joint venture partners;
- Satisfactory title to property it has agreed to develop;
- Government regulations; and
- Cost of capital.

Joint Ventures

Grenville has terminated all previous joint ventures.

Uncertainty of Exploration and Development Programs

Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on exploration by the Company will result in discoveries or production of minerals in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling unknown formations and the costs associated with encountering various drilling conditions. The long-term success of the Company's mineral programs depends on its ability to find, acquire, develop and commercially produce mineral properties. There is

no assurance that the Company will be able to locate satisfactory properties for acquisition or participation. Even if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. Future mineral exploration may involve unprofitable efforts, not only from unsuccessful exploration drilling, but also from deposits that do not produce sufficient net revenues to return a profit after mining, operating and other costs. In addition, mining hazards or environmental damage could greatly increase the costs of operations, and various field operating conditions, such as delays in obtaining any necessary governmental consent or approvals, extreme weather conditions or insufficient transportation capacity, may adversely affect the production from successful mines. Mineral exploration and development activities are also dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Future Acquisitions

Grenville undertakes evaluations of potential opportunities to acquire additional mining assets from time to time. Any resultant acquisitions or joint ventures may be significant in size, may change the scale of Grenville Gold’s business and may expose the Company to new geographic, political, operating, financial and geological risks. Grenville Gold’s success in its growth strategies depends on its ability to identify suitable acquisitions, acquire them on acceptable terms and integrate them successfully into those already in existence. Any future acquisitions would be accompanied by risks, such as changes in commodity prices, reserves proving to be below expectations; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Grenville Gold’s ongoing business; the inability of management to maximize the financial and strategic position of Grenville Gold through the successful integrations of acquired assets; the maintenance of uniform standards, controls, procedures and policies; the potential unknown liabilities associated with acquired assets and businesses. In addition, Grenville Gold may need additional capital to finance new acquisitions of assets. Equity financing may expose the Company and its existing shareholders to dilution. There can be no assurance that Grenville Gold would be successful in overcoming these risks or any other problems encountered in connection with such acquisition of assets.

Regulatory Risk

The operations of all mineral explorers and producers, are subject to extensive controls and regulations imposed by various levels of government. The Company monitors and adheres to all regulations which could affect its operations and has established standards of operating practice which are designed to minimize risk to our employees, the community and the environment. Changes to regulations could have an adverse effect on the Company's results of operations and financial condition.

Safety and Environmental Risks

Mineral Exploration

The mineral exploration business is subject to extensive regulation pursuant to various state, national and international conventions and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on mine size, mill size and overburden and tailings management. Grenville Gold is committed to meeting its environmental and safety policy that is designed, at minimum to comply with current governmental regulations set for the mineral exploration industry. Changes to government regulations are monitored to ensure compliance. Environmental reviews are completed as part of the due diligence process when evaluating acquisitions and developments

Officers' & Directors

Directors and officers have a duty to exercise due diligence in overseeing the activities of the Company. They are required to act in "good faith and in the best interest of the Company.

Tomas Tough, CEO, Director
Jamie Lewin, CFO
Brian Thurston, Director
Jack Bal, Director
Sonny Janda, Director

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