Grenville GOLD CORPORATION TSX.V: GVG

(A Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2012

Grenville Gold Corp.
Management Discussion & Analysis

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements and notes of Grenville Gold Corp. for the year ended December 31, 2012 accompanying this report. This MD&A should also be read in conjunction with the consolidated financial statements for the year ended December 31, 2011. 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 April 29th, 2012.

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.

Until March 02, 2012, the Company had 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. On March 02, 2012 the Company purchased two additional properties when it acquired the Peruvian company Upper Canyon Minerals Peru S.A.C.. The properties are Josephina and Silver Mountain. They are located in the same area as the other assets are located.

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

Silveria Property

The Company owns 100% of the Silveria property which consists of 195 claims in the San Mateo Mining District in the Province of Huarochiri, Peru.

Espanola Property

The Company owns 100% of the Espanola property which consists of 17 claims in the San Mateo Mining District in the Province of Canete, Peru.

Josephina and Silver Mountain Properties

On March 2, 2012 the Company entered into an agreement with Lucky Minerals Inc. ("Lucky Minerals"), a Company with a director and an officer in common, to acquire all issued and outstanding shares of Upper Canyon Minerals Peru S.A.C. ("UCM"), a wholly owned subsidiary of Lucky Minerals, for $131,000. UCM owns a 100% interest in the Josefina and Silver Mountain concessions which consists 14 claims located in the Huarochiri Province of Lima, Peru.

The transaction was accounted for as an asset acquisition. The assets acquired are as follows:

Josefina property	$	86,663
Silver Mountain property		39,631
Cash		42
Deposits		1,575
Loan receivable		553
Office equipment		1,393
Taxes receivable		1,143
	$	131,000

No liabilities were assumed in the transaction.

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 December 31, 2012, the Company had 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, 2012, with the year ended December 31, 2011, and with the year ended December 31, 2010, were as follows:

	December 31, 2012	December 31, 2011 (Restated)	December 31, 2010
	IFRS	IFRS	IFRS
Net Profit (Loss)	(239,908)	(1,461,002)	198,574
Net Profit/Loss per share	(0.02)	(0.14)	0.04
Total Assets	3,920,927	3,691,522	3,850,965

Summary of Quarterly Results

	Q4 –Dec 31, 2012 IFRS	Q3 –Sept 30, 2012 IFRS	Q2 –June 30, 2012 IFRS	Q1 – Mar 31, 2012 IFRS
Revenue	-	-	-	-
Gain (Loss)	(33,918)	(85,447)	(20,297)	(100,246)
Gain (loss) per share	(0.02)	(0.01)	(0.001)	(0.00)

	Q4–Dec 31, 2011 IFRS	Q3–Sept 30, 2011 IFRS	Q2–June 30, 2011 IFRS	Q1 - Mar 31, 2011 IFRS
Revenue	-	-	-	-
Gain (Loss)	(730,619)	(270,656)	18,527	(478,254)
Loss per share	(0.07)	(0.03)	0.003	(0.07)

Note: The large loss in Q4 2011 resulted from the restatement concerning the Bella Rubia property (Note 13 December 31, 2012 statements) and the large loss in Q1 2011 can be attributed to the grant of options and the consequent SBC.

Results for the three month period ended December 31, 2012

The three month period ending December 31, 2012 shows a loss of $33,918 (2012 - $684,033). Most of the current quarter loss can be attributed to management, office and professional fees

Management compensation was $19,912 as compared with $22,296 for the period ending December 31, 2011. Office and general expenses were $15,248 (2011 –$86,980). Professional fees were $27,820 (2011 - $70,101).

Results for the year ended December 31, 2012

The year ended December 31, 2012 shows a loss of $239,908 (2011 - $1,461,002). Most of the current year can be attributed to management compensation, office and professional fees.

Management compensation was $68,678 as compared with $76,899 for the period ending December 31, 2011. Office and general expenses were $49,173 (2011 - $100,513). Professional fees were $66,456 (2011 - $111,936). Share based compensation was $nil (2011 – $393,147)

In addition, the Company purchased another subsidiary in Peru and raised $450,000 by way of a private placement during the year ended December 31, 2012..

Capital Resources and Liquidity

The Company's cash balance as at December 31, 2012 was $87,276 (December 31, 2011 - $62,209) and the working capital deficiency was $14,839 (December 31, 2011 - $(15,625)).

During the period ended March 31, 2012, the Company raised additional funds of approximately $450,000 through the completion of a private placement. The proceeds were used for working capital purposes as well continued exploration of the Company's properties in Peru.

Financing Activities

On January 4, 2012, the Company completed a private placement of 4,500,000 units at a price of $0.10 per for gross proceeds of $450,000. Each unit consists of one common share and one share purchase warrant exercisable to purchase one additional share at $0.13 for a two year period. A fair value of $185,365 was allocated to these warrants.

On December 21, 2011 the Company completed a private placement of 1,000,000 units at a price of $0.12 per unit for gross proceeds of $120,000. Each unit is consists of one common share and one share purchase warrant exercisable to purchase one additional share at $0.16 for a two year period. A fair value of $50,119 was allocated to these warrants. Share issuance costs of $1,350 were paid.

On March 25, 2011, the Company completed a private placement of 1,050,000 units at a price of $0.40 per unit for gross proceeds of $420,000. Each unit consists of one common share and one purchase warrant exercisable to purchase one additional common share at a price of $0.47 for a period of three years. A fair value of $198,229 was allocated to these warrants. Share issuance costs of $2,100 was paid.

On January 21, 2011, the Company completed a private placement of 4,000,000 units at a price of $0.23 per unit for gross proceeds of $920,000. Each unit consists of one common share one purchase warrant exercisable to purchase one additional common share at a price of $0.31 for a period of two years. A fair value of $371,563 was allocated to these warrants. Share issuance costs of $90,387 was paid and 361,000 finders' warrants were issued. The fair value of the finders' warrants is $104,917.

The warrants issued were valued using the Black-Scholes model with the following assumptions:

	January 30, 2012	December 21, 2011	March 25, 2011	January 21, 2011
Expected life	2 years	2 years	3 years	2 years
Risk free interest	1.04%	1.18%	2.08%	1.71%
Volatility	133%	134%	173%	173%
Dividend yield	0%	0%	0%	0%

Share Capital

Report Date	April 29, 2013		April 30, 2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	11,604,926	$ 8,339,990	5,570,339	$ 7,698,655
Shares issued for cash	4,500,000	$ 450,000	6,050,000	$ 1,460,000
Shares cancelled			(15,463)	
Share issue costs				$ (198,754)
Shares issued for debt				
FMV of warrants attached		$ (185,365)		$ (619,911)
Balance,	16,104,926	$ 8,604,625	11,604,926	$ 8,339,990

(a) Options

Grant Date	Number of options	Exercise price	*Expiry date*
August 8, 2008	45,000	$ 1.00	*August 8, 2013*
December 8, 2008	45,000	$ 1.00	*December 8, 2013*
April 19, 2009	25,000	$ 1.00	*April 20, 2014*
April 20, 2011	900,000	$ 0.50	*April 20, 2016*
At Report Date	1,015,000		

(b) Report Date	April 29 , 2013		April 30, 31, 2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	1,122,000	$ 0.88	233,000	$ 2.48
Options Granted			900,000	$ 0.50
Options Expired	(107,000)		(11,000)	$ 0.50
	1,015,000	$ 0.88	1,122,000	$ 0.88

The weighted average life remaining of options outstanding as at April 29, 2012 is 2.7 years

Warrants

Outstanding at April 29, 2013.

Number Of Warrants	Exercise Price	Expiry Date
1,050,000	$ 0.47	March 25, 2014
1,000,000	$ 0.16	December 21, 2013
4,500,000	$ 0.13	January 04, 2014
6,550,000		

Related Party Transactions

During the year ended December 31, 2012, the Company incurred management fees of $60,000 (2011 - $Nil) to a company controlled by the Company's Chief Executive Officer and $5,000 (2011 - $Nil) to a director of the Company, rent expense of $30,000 to a company controlled by a relative of the president of the Company (2011 – $30,000) and accounting fees of $8,880 to the Company's Chief Financial Officer (2011 - $4,560).

During the year ended December 31, 2012, the Company acquired all issued and outstanding shares of UCM, a wholly owned subsidiary of Lucky Minerals, a Company with a director and an officer in common, for $131,000.

As at December 31, 2012 there was $30,000 owing to related parties (2011 - $Nil). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Stock Based Compensation

No stock based compensation was issued to directors, officers or consultants during the year.

Off Balance Sheet Arrangements

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

Restatement

During the year ended December 31, 2011, the Peruvian courts nullified the acquisition of the Bella Rubia claims and costs capitalized to the claims of $21,934 was recorded. During the year ended December 31, 2012, management became aware of acquisition costs of an additional $US700,000 ($CAD699,650) and $39,980 in exploration costs were associated with the Bella Rubia claims which were not written off in 2011.

As a result, the consolidated statement of financial position as at December 31, 2011 and the consolidated statement of comprehensive loss and cash flows for the year ended December 31, 2011 have been restated to reflect the additional write-off of the acquisition costs and exploration costs.

The following adjustments were made to the consolidated statement of financial position as at December 30, 2011:

		As previously stated		Adjustment		As restated
Exploration and evaluation assets	$	4,329,392	$	(739,630)	$	(3,589,762)
Deficit	$	(7,812,305)	$	(739,630)	$	(8,551,935)

The following adjustment was made to the consolidated statement of comprehensive loss as at December 30, 2011:

		As previously stated		Adjustment		As restated
Exploration and evaluation asset impairment	$	(21,934)	$	(739,630)	$	(761,564)
Loss per share	$	(0.07)	$	(0.07)	$	(0.14)

The following adjustments were made to the consolidated statement of cash flow as at December 30, 2011:

		As previously stated		Adjustment		As restated
Net loss	$	(721,372)	$	(739,630)	$	(1,461,002)
Exploration and evaluation asset impairment	$	21,934	$	739,630	$	761,564

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.

A full listing of the Company’s Significant Accounting Policies is available in the audited consolidated financial statements at Note 3.

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

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.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors reviews and monitors the risk management processes. The nature of the risk exposure and management thereof is as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to risk is on its HST receivable. This risk is minimal.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share and working capital.

There were no changes in the Company's approach to capital management during the year.
The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2012	December 31, 2011
Cash	$ 87,276	$ 62,209

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2012	December 31, 2011

Non-derivative financial liabilities:				
Trade payables	$	32,166	$	45,664
Due to related parties		30,000		-
	$	62,166	$	45,664

Fair value
The fair value of the Company’s financial assets and liabilities approximates the carrying amount.
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company’s financial assets measured at fair value as at December 31, 2012 and December 31, 2011:

	As at December 31, 2012					
	Level 1		Level 2		Level 3	
Cash	$	82,276	$	-	$	-

	As at December 31, 2011					
	Level 1		Level 2		Level 3	
Cash	$	62,209	$	-	$	-

Segmented information

The Company determines its segments by geography. The Company has operations and incurs costs associated with assets in two different geographic locations: Canada and Peru.

The Company’s non-current assets are located as follows:

	As at December 31, 2012					
	Canada		Peru		Total	
Equipment	$	-	$	3,521	$	3,521
Exploration and evaluation assets		-		3,817,693		3,817,693
	$	-	$	3,821,214	$	3,821,214

	As at December 31, 2011 (Restated – Note 13)					
	Canada		Peru		Total	
Equipment		-		10,236		10,236
Exploration and evaluation assets		-		3,589,762		3,589,762
	$	-	$	3,599,998	$	3,599,998

Quantitative and Qualitative Risks

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 Risk
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;
- 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

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.

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.

Sonny Janda, CEO, Director
Jamie Lewin, CFO
Jack Bal, Director
Tom Tough, Director

Contact:
8338 – 120th St.
Surrey, BC V3W 3N4
Laine Trudeau: 604-592-6881

***