MONTANA GOLD MINING COMPANY INC.
Management's Discussion and Analysis
Period Ended March 31, 2012
Dated May 25, 2012
(Form 51-102F1)

This Management Discussion and Analysis ("MD&A") is provided for the purpose of reviewing the first quarter period ended March 31, 2012 and comparing results to the previous period. The MD&A was prepared as of May 25, 2012 and should be read in conjunction with the Company's condensed interim consolidated financial statements and corresponding notes for the periods ending March 31, 2012 and 2011. The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. All monetary amounts are expressed in United States dollars unless otherwise indicated.

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Additional information related to the Company is available for view on SEDAR at www.sedar.com and at the Company's website located at www.montanagoldmining.com.

DESCRIPTION OF THE BUSINESS

Montana Gold Mining Company Inc. (the "Company") is a mineral exploration company focused on the acquisition and exploration of mineral resources, primarily gold and silver in the States of Montana and Nevada, USA.

The Company is a reporting issuer in the Province of Ontario and its common shares trade on the Canadian National Stock Exchange ("CNSX") under the symbol MGM.

CORPORATE ACTIVITIES

During the first quarter of 2012, the Company paid a final $85,000 cash payment on the Silver Bell St. Lawrence Property (the "SBSL Property") in order to complete the purchase of a 100% interest in the SBSL Property. The claims are in the process of being transferred to the Company's control.

The Company continued to compile data collected from surface exploration work in the fall of 2011 on the SBSL Property. The Company's geological consultants prepared a number of diagrams and maps, now provided in the Corporate Presentation available on the Company website. A new NI 43-101 compliant technical report was also commissioned during the first quarter of 2012 and is expected to be complete during the second quarter of 2012.

Also during the first quarter of 2012, the Company received $120,000 CAD in funds toward a private placement financing that closed on April 25, 2012 in the total amount of $170,000 CAD. This financing involved the placement of Units priced at $0.05 CAD each, with each Unit being comprised of one common share and one common share purchase warrant entitling the holder to purchase another common share at $0.10 CAD during the first year and at $0.15 during the second year.

On April 25, 2012 the Company incorporated a wholly owned subsidiary called Celerity Mineral Corporation.

On May 1, 2012, the Company granted 2,600,000 incentive stock options to directors, officers and a consultant of the Company, exercisable at $0.10 per share over five years.

On May 17, 2012, the Company filed on SEDAR and posted to the Company website www.montanagoldmining.com an NI 43-101 compliant technical report on the 100 % owned Golden Trail Project in Elko County, Nevada. This NI 43-101 report was authored by Richard C. Capps, PhD, RPG, SME Registered Geologist.

The Annual and Special Meeting of Shareholders has been called for June 28, 2012 in London, Ontario at 11 am.

OVERALL PERFORMANCE

In summary the Company's financial performance decreased over the three months ended March 31, 2012. Working capital decreased (current assets less current liabilities) by $116,044 from ($306,376) at December 31, 2011 to ($422,420) at March 31, 2012. The decrease is mainly attributable to:

a. no revenue and ongoing office and administrative revenues;
b. expending $88,796 (Jan-Dec 2011 - $162,140) on mineral properties;
c. receipt of an advance of $50,125 toward share subscriptions that had not yet been issued as at March 31, 2012 and is treated as a liability at that date (Jan-Dec 2011- Nil).

SELECTED ANNUAL INFORMATION

The following table provides selected financial information and should be read in conjunction with the Company's Condensed Interim Consolidated Financial Statements.

	Period Ended	Year Ended	Year Ended	Year Ended
	31-Mar-12	31-Dec-11	31-Dec-10	31-Dec-09
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Income (loss) for the period	-115,537	-1,609,486	-330,698	198,423
Net income (loss) for the period	-66,376	-1,609,486	-387,732	-1,387,877
Net income (loss) per share (1)	-0.003	-0.081	-0.09	-0.033
Total assets	501,106	449,361	395,867	262,391
Long-term debt	Nil	Nil	Nil	Nil
Dividends per share	Nil	Nil	Nil	Nil

SUBSEQUENT EVENTS

Refer to the Corporate Activities section above.

RESULTS OF OPERATIONS

For the three month periods ended March 31, 2012 and March 31, 2011, the Company had no revenue. Exploration expenses for the period were $88,796 compared to $19,500 during the same period last year.

Expenses incurred during the period consist of:

i. Office and administrative costs of $108,250 (Jan-Mar 2011-$132,843);
ii. Professional Fees of $7,287 (Jan-Mar 2011-$50,490);
iii. Stock based compensation of Nil (Jan-Mar 2011-$435,212);
iv. Loss on foreign exchange of $4,890 (Jan-Mar-2011-Gain of $3,485);
v. Gain on revaluation of foreign currency warrants of $54,051 (Jan-Mar-2011-Nil)

SUMMARY OF QUARTERLY RESULTS

Total assets as at the end of March 31, 2012 were $501,106 (Jan-March 2011 - $449,361) and consisted of cash $63,336 (Jan-March 2011 - $76,059), prepaid expenses of $4,043 (Jan-March 2011 - $6,232), accounts receivable of $768 (Jan-March 2011-Nil), mineral claims and deferred exploration expenditures $392,688 (Jan-March 2011-$303,892) which represent staking expenditures, property purchase payments, and exploration expenditures, and reclamation bonds $40,271 (Jan-March 2011-$63,178).

Total current liabilities as at March 31, 2012 were $490,567 (March 31, 2011 - $388,667) consisting primarily of trade payables and amounts due to managers and directors, as well as funds received in advance of subscriptions due.

The Company has no long term financial liabilities except for management's estimated site restoration costs relating to an exploration program of $22,000 (31, 2011 - $45,501).

The Company has no sales and has never earned revenues with the exception of non-material interest revenue.

The Company received subscriptions totaling $120,398 during the quarter toward a private placement that subsequently closed on April 25, 2012 (refer to Corporate Activities section).

Three months Ended March 31, 2012 Compared to Three months Ended March 31, 2011

Operating Revenues: The Company is a mineral exploration company and has no operating revenues.

Expenses: Expenses for the three months ended March 31, 2012 were $115,537, a decrease of $503,008 over the amount of $618,545 for the three months ended March 31, 2011. These amounts are for professional fees, management fees, director fees, office and administrative, as well as travel expenses and amortization. In addition, during the three months ended March 31, 2011 the Company incurred a stock based compensation loss of $435,212.

Write-off of mineral claims and deferred exploration costs: During the three months ended March 31, 2012 the Company did not write off mineral claims or deferred exploration costs. In the three months ended March 31, 2011 the Company did not write of mineral claims or deferred exploration costs.

Net earnings (loss): The Company incurred a net loss of ($66,376) for the three months ended March 31, 2012, a decrease of $548,683 over the three months ended March 31, 2011 ($615,059). Since the Company had no revenue, the net losses are attributable to the expenses and recoveries noted above.

Summary of Quarterly Results to March 31, 2012

Description	Mar	Dec	Sep	Jun	Mar	Dec	Sep	June
	31/12	31/11	31/11	31/11	31/11	31/10	30/10	20/10
	$	$	$	$	$	$	$	$
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/Loss	-66376	-868674	-141495	-116141	-483176	-157463	-161898	-47194
Net Income/Loss	-0.003	-0.0363	-0.0069	-0.0058	-0.0312	-0.0037	-0.0038	-0.0011

LIQUIDITY

As at March 31, 2012, the Company had cash and cash equivalents in the amount of $68,147 (March 31 2011-$82,291) and current liabilities of $490,567 (March 31 2011-$388,667). As at March 31, 2012, the Company has a working capital deficiency of $422,420 (December 31 2011-$306,376). As a result, the Company has liquidity risk and is dependent on raising capital.

CAPITAL RESOURCES

For its long term business objectives, the Company will require funds for ongoing exploration work on its SBSL Property in Montana and its Golden Trail Property in Nevada, to work on any other mineral projects that it acquires, as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over either the near or long term or none are presently contemplated other than as disclosed above and/or over normal operating requirements.

The Company is not in default of its obligations on any of its mineral properties at this time.

OFF BALANCE SHEET ARRANGEMENTS

At May 25, 2012, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statement.

(a) Included in accounts payable and accrued liabilities is approximately $266,790 (December 31 2011-$187,872) of amounts owing to directors of the Company for management and director fees.

PROPOSED TRANSACTIONS

The Company is actively investigating mineral properties with a view toward potentially optioning or purchasing. The Company is primarily interested in properties within the States of Montana and Nevada but will also consider mineral properties of merit in other jurisdictions.

The Company proposes to option a 50% interest in the two mineral projects held by the Company to the subsidiary corporation, Celerity Mineral Corporation, in return for exploration expenditures, common shares or cash, and to dividend all or a majority its shares in the subsidiary corporation to the shareholders of the Company. This proposed transaction will be subject to shareholder approval and will be more fully described in the Management Information Circular being prepared and mailed for the upcoming annual and special shareholders meeting scheduled for June 28, 2012. If approved, it is anticipated that Celerity Mineral Corporation would then conduct a rights offering financing, file a Prospectus, and seek a listing on the Canadian National Stock Exchange.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement

The consolidated financial statements are prepared on the historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in United States dollars, which is also the Company's and subsidiary's functional currency.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The accompanying consolidated financial statements include all adjustments that are, in the opinion of management, necessary for a fair presentation.

Information regarding significant areas of estimation, uncertainty and critical judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to measurement of the recoverable amounts of mining claims and deferred exploration expenditures, measurement of share-based payments, the amount accrued for restoration liabilities, the valuation of stock options and warrants issued, the value attributed to warrants on unit financings and provisions for legal claims.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Gold Reef of Nevada, Inc. (United States). The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All transactions and balances between the Company and its subsidiary are eliminated on consolidation.

Financial Instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are de-recognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

Transaction 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.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash and reclamation bonds. The Company's financial liabilities include accounts payable and accrued liabilities, restoration liabilities and promissory notes payable. Classification of these financial instruments is as follows:

Financial Instrument	Classification
Cash	FVTPL
Reclamations bonds	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Restoration liabilities	Other financial liabilities
Promissory notes payable	Other financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are de-recognized when the Company's rights to cash flows from the respective assets have expired or have been transferred and the Company has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is de-recognized when the obligation under the liability is discharged or canceled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The Company's financial instruments measured at fair value on the balance sheet consist of cash. Cash is measured at level 1 of the fair value hierarchy while warrants denominated in a foreign currency are measured at level 2 of the fair value hierarchy.

Equipment

Equipment is stated at cost less accumulated amortization. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Expenditures incurred to replace a component of an item of equipment that is accounted for separately are capitalized. Amortization of corporate equipment and equipment used in the exploration and evaluation phase is recorded using the declining balance method, with management reviewing the useful lives of property and equipment at each statement of financial position reporting date to verify the asset is being amortized over a period equivalent to the useful life of the asset.

The vehicle previously held by the Company was amortized at 20% per annum on a declining basis.

Mining Claims and Deferred Exploration Expenditures

Mining claims and deferred exploration expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and include costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling, and; evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Mining claims and deferred exploration expenditures, including costs of acquiring licenses, are capitalized as mining claims and deferred exploration expenditure assets on an “area of interest basis” which generally is defined as a project. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favourable or has been proven to exist and, in most cases, comprises a single mine or deposit.

Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits. The Company expenses all costs incurred prior to obtaining legal rights to a mineral property.

Mining claims and deferred exploration expenditure assets are recognized if the rights to the project are current and either (1) the expenditures are expected to be recouped through successful development and exploitation of the project, or alternatively by its sale, and (2) active and significant operations in, or in relation to, the project are continuing.

Deferred exploration expenditures are initially capitalized as intangible deferred exploration expenditure assets. Such deferred exploration expenditures may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, materials and fuels used, rentals and payments made to contractors and consultants. To the extent that a tangible asset is consumed in developing an intangible deferred exploration expenditure asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, deferred exploration expenditure assets attributable to that project are first tested for impairment and then reclassified to Mine Property and Development Projects. Currently, the Company does not hold any assets classified as Mine Property and Development Projects.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position reporting date. If an indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the (1) asset's fair value less costs to sell and (2) 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates, or is expected to generate, cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Foreign Currency Translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in the income statement.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect both accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Stock-based Compensation Transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-marketing vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, the stock-based compensations are measured at the fair value of goods or services received.

Income/Loss per Share

The Company presents basic and diluted income/loss per share data for its common shares, calculated by dividing the income/loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income/loss per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Restoration Liabilities

The Company recognizes the fair value of restoration liabilities related to statutory, contractual or legal obligations associated with the retirement of mining claims in the year in which it is Incurred when a reasonable estimate of fair value can be made, in which case the carrying amount of the related mining claim is increased by the same amount as the net present value of the restoration liability. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. The Company's estimates of such costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures and changes in the net present value.

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. 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.

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 reasonable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures required to settle the obligation using a pre-tax discount 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 the passage of time is recognized as interest expense.

Warrants Denominated in Foreign Currency

Warrants denominated in a foreign currency different from the functional currency of the Company meet the definition of a derivative financial liability and are fair valued at each statement of financial position date using the Black-Scholes pricing model, with changes in the fair value recognized in profit or loss.

Fair values of warrants are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model.

Warrants that are issued as compensation are not subsequently revalued.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2011 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(a) IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements hi IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(b) IFRS 10 Consolidated Financial Statements was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC 12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(c) IFRS 11 Joint Arrangements was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities Non Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(d) IFRS 12 Disclosure of Interests in Other Entities was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(e) IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 establishes new guidance on fair value measurement and disclosure requirements for IFRSs and US generally accepted accounting principles (GAAP). The guidance, set out in IFRS 13 and an update to Topic 820 in the FASB's Accounting Standards Codification (formerly referred to as SFAS157), completes a major project of the boards' joint work to improve IFRSs and US GAAP and to bring about their convergence. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(f) IAS 1 Presentation of Financial Statements was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's: (a) capitalized or expensed exploration and development costs; (b) expensed research and development costs; (c) deferred development costs; (d) general and administrative expenses; and (e) any material costs, deferred or expenses, not already referred to in (a) through (d), is provided in the Company's Condensed Interim Consolidated Statement of Comprehensive Income (Loss) contained in its Condensed Interim Consolidated Financial Statements for the period ended March 31, 2012, which can be accessed on SEDAR under the Company's profile page at www.sedar.com.

DISCLOSURE OF OUSTANDING SHARE DATA

The Company's authorized share capital consists of unlimited common shares without par value.

Issued and outstanding: March 31, 2012 – 25,381,007;
Issued and outstanding: May 25, 2012 (date of this report) – 27,381,007

Warrants outstanding: March 31, 2012 – 4,200,000
Warrants outstanding: May 25, 2012 – 6,200,000

Options outstanding: March 31, 2012 – 10,000
Options outstanding: May 25, 2012 – 2,610,000

Dividend Policy

No dividends have been paid on any shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

Controls and Procedures

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Litigation

The Company became a party to a legal proceeding in February 2010. On February 15th, 2010, the company was served with a claim in The District Court 150th Judicial District Bexar County, Texas. Target Strike Inc., the plaintiff alleged several past employees of the company used information that belonged to Target Strike for Gold Reef's benefit in direct contradiction of the agreement between the parties involved. The Plaintiffs initially claimed $1,000,000,000 in monetary damages against all of the named Defendants, including the Company, and subsequently made a settlement offer of $30,000,000.

In February 2012, the Court dismissed all of the claims against all of the named Defendants, including the Company. In early March 2012, the Plaintiff filed an appeal which is ongoing and which the Company will defend.

The outcome of the above claim is not determinable and therefore, no provision is recorded.

Risks Associated with Exploration and Mining Operations

The exploration of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Corporation's mineral properties. Even if such commercial quantities are subsequently discovered by the Corporation's exploration efforts, there can be no assurance such properties can be brought in to commercial production. Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Corporation. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Corporation does not have control may be encountered and may adversely affect the Corporation's operations and financial results.

Environmental Risks

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that future changes to environmental legislation may not adversely affect the Corporation's operations.

Mineral Market

The market for minerals is subject to factors beyond the Corporation's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

Funding Requirements

In order to move forward with its exploration activities, the Corporation may require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

Reliance on Management

The Corporation anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Corporation could materially adversely affect the Corporation
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Auditors, Transfer Agent and Registrar

The auditors of the Corporation are Collins Barrow LLP, Chartered Accountants of Toronto, Ontario. The Transfer Agent and Registrar for the Common Shares of the Corporation is Equity Financial Trust Company of Toronto, Ontario.

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", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they 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.