This management's discussion and analysis ("MD&A") focuses on significant factors that affected Newton Gold Corp. ("Newton" or the "Company") during the six months ended June 30, 2011 and to the date of this report.

The following management discussion and analysis is prepared as at August 22, 2011, and should be read in conjunction with the audited financial statements for the year ended December 31, 2010 which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and the unaudited condensed interim financial statements for the six months ended June 30, 2011, which have been prepared in accordance with International Financial Reporting Standards ("GAAP" or "IFRS"). All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars.

The financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon successful achievement of additional financing, and upon its ability to realize profitable operations. These financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

Readers should use the information contained in this report in conjunction with all other disclosure documents including those filed on SEDAR (www.SEDAR.com). Additional information relating to Newton can be found on the company's website www.newtongold.com

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Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty in meeting anticipated program milestones; uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as of August 22 , 2011 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations for: satisfactory resolution of the Company's contingent liability.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Overall Performance

Newton Gold Corp. (the "Company", formerly New High Ridge Resources Inc.) was incorporated under the Business Corporations Act (British Columbia) on June 24, 2004. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol NWG. The Company is a mineral exploration company engaged in the acquisition and exploration of mineral properties in British Columbia and formerly in Peru. In June 2009, the Company disposed of its Peruvian subsidiary. At the time of these financial statements it has not been determined whether the Company's mineral properties contain economically recoverable ore reserves. As at December 31, 2008 the Company wrote down its recorded cost of its mineral property interests to $1 due to lack of funds to explore its properties. As at June 30, 2011, mineral property interests represent accumulated costs for mineral property acquisition and deferred exploration expenditures made on its B.C. properties since January 1, 2009.

In August 2009, the Company entered into an Option Agreement with Amarc Resources Ltd. ("Amarc" or "Optionee") covering the Company's Newton property, as well as certain property held by the Optionee, whereby the Optionee must expend $5 million over seven years to earn an 80% interest in the combined property area. In May 2011, the Optionee completed the $5 million in required expenditures and the Company and Optionee entered into a Joint Venture Agreement to further explore the Newton property.

The Company also made advance royalty payments and completed assessment work on its Chuchi property. During the year ended December 31, 2010, the Company considered completing a transaction that would have resulted in a change of business. The new venture was abandoned on October 13, 2010 and management has re-focused its business activities on mineral resource sector opportunities.

The Company added two new directors on January 4, 2011, of which one director became the new President and CEO. Further, on January 17, 2011, the Company accepted the resignation of one director and replaced him with another individual. These directors were re-appointed at the Company's Annual General Meeting, held on June 30, 2011, and another individual was appointed in place of a previous director who had resigned. All four current directors have public mining experience in various capacities.
On January 18, 2011, the Company raised gross proceeds of $650,000. These funds were be used to fund exploration activities on the Chuchi property; pay past and current creditors and for general and administrative expenses.

The Company announced the commencement of a non-brokered private placement offering of up to 8,500,000 units consisting of 6,000,000 flow-through units (each, a "Flow-Through Unit") at a price of $0.25 per Flow-Through Unit and 2,500,000 units (each, a "Unit") at a price of $0.20 per Unit for gross proceeds of $2,000,000 (the "Offering").

Each Flow-Through Unit consists of one previously unissued common "flow-through share" and one non-flow-through share purchase warrant (a "Warrant) of the Issuer. Each Warrant will entitle the holder, on exercise, to purchase one additional common share of the Company (a "Warrant Share") for a period of two years from the date of issue of the Warrant. The Warrants will be exercisable at a price of $0.40 per share for the first year and at a price of $0.50 per share for the second year.
The Company is concurrently offering Units consisting of one previously unissued common share (a "Share") and one share purchase warrant (a "Warrant") of the Company. Each Warrant will entitle the holder, on exercise, to purchase one additional common share of the Company (a "Warrant Share") for a period of 2 years from the date of issue of the Warrant. The Warrants will be exercisable at a price of $0.30 per share for the first year and $0.40 per share for the second year.

The Company closed on the first tranche of the private placement announced on July 6, 2011 and has issued 3,200,000 Flow-Through Units to the Mineral Fields Group for gross proceeds of $800,000. These funds will be used to fund exploration activities in the Newton Property and for general and admin expenses.

Exploration and Evaluation Properties

Newton Project – British Columbia

The core of the Newton Property is located approximately 108 km west-southwest of Williams Lake, BC, in the Chilcotin Forest District of the Southern Interior Forest Region. The Project now consists of 248 mineral claims totaling 1,478 square kilometres. The Company originally had a 100% interest in 9 claims in the area, comprising an area of approximately 4,113 hectares (41 square kilometers) that is subject to a 2% net smelter royalty ("NSR"), which may be purchased at any time for $2 million.

The Company and Amarc (an affiliate of Hunter Dickenson Inc.) entered into an Option and Joint Venture Agreement (the "Agreement") on August 12, 2009. Under that Agreement, Amarc initially contributed another 49 contiguous claims in the property area covered by the Agreement, so the Newton property area subject to the Agreement would initially consist of at least 58 claims comprising an area of approximately 22,923 hectares (229 sq/km). Pursuant to the Agreement, Amarc has earned an 80% interest in the entire property covered by the Agreement by paying $60,000 to the underlying optionor of the Newton Hill property (completed) and expending $4,940,000 in exploration expenditures over seven years (completed) and by making advance royalty payments on behalf of the Company of $25,000 annually commencing in 2011. The Company also issued 100,000 common shares to Amarc as consideration for Amarc issuing 100,000 Amarc shares to the underlying optionor of the initial Newton Hill property claim.

Amarc provided the Company with a Project Expenditure Report pertaining to both the technical work completed and expenditures made to August 31, 2010. Total unaudited expenditures were $1,882,444. Amarc completed approximately 4,000 meters of drilling in a 14 hole diamond drill program on the property to test both the continuity of gold mineralization and to start testing the bulk-tonnage style gold target. Those drill results returned broad continuous intervals of bulk-tonnage style gold, silver, copper and zinc and the gold system remains open in all directions. Highlighted drill results were 189 meters grading 1.56 g/t gold, including 99 meters grading 2.76 g/t gold in hole 9004 and 138 meters grading 0.74 g/t gold, including 63 meters grading 1.17 g/t gold in hole 9014.

Included in their 2010 work program on the Newton property, Amarc flew a ZTEM (Z-Axix Tipper Electomagnetic system) survey and high-sensitivity magnetometer airborne geophysical over the property. In May, Amarc mobilized crews for a ground work at Newton and in July announced initial results that an Induced Polarization (IP) ground geophysical survey had defined a substantial target that extends some 400 meters north-south by 1,500 meters west-east and is open in all directions. This new IP anomaly was approximately 450 meters south of previous discovery drilling conducted by Amarc. Limited outcrop in the target area suggest the presence of favorable host rocks as encountered in the 2009 drill program.

On February 10, 2011, Amarc announced it had completed a Phase II, 28 hole diamond drill program (approximately 10,000 meters) on the Newton property. The Company reported that drilling has continued to expand the Newton deposit in all directions and that drilling to date has shown that gold mineralization has been intersected over significant widths in the central 50% of the approximate eight square kilometer sulphide mineralized system that has been outlined by the surface geophysical surveys.

On May 31, 2011 Amarc announced 25-hole drilling program (see Amarc news release dated February 10, 2011) returned important intercepts in hole 11040, which established that the discovery zone extends eastward under shallow cover and remains open to the east. Hole 11040 returned 155 metres of 0.58 g/t gold starting from surface, including 26 metres of 1.12 g/t gold and 39 metres of 0.71 g/t gold. The hole is located 200 metres east of Amarc's 2009 discovery drilling, which includes 69 metres of 1.41 g/t gold (hole 9001), 128 metres of 0.84 g/t gold (hole 9003) and 189 metres of 1.56 g/t gold (hole 9004) (see detailed drill plan on Amarc's website).

OnMay 16, 2011, the Company and Amarc entered into a Joint Venture Agreement for the Newton Project that now consists of 248 mineral claims which cover 1,478 square kilometres. All expenditures on the project will now be split 80:20 with Newton responsible for 20%.

Chuchi Property – British Columbia

The Company has a 100% interest in 15 mineral claim tenures covering approximately 5,365 hectares located in the Omineca Mining Division in central B.C., approximately 90 km north of Fort St. James. The topography of the area is moderate to moderately rugged and elevations range from 1,200 meters to 1,644 meters. Road-access, railroads and high capacity electrical transmission lines are within 150 road km, at the resource-based communities of Fort St. James and Mackenzie.

The property is located 32km northwest of the Mt. Milligan copper-gold deposit now owned by Terrane Metals Corp. and is a low-grade porphyry copper-gold deposit.

Exploration is developed to different levels on various parts of the Chuchi property. The presence of a substantial porphyry copper-gold deposit has been established by several drill holes; however, the full extent of the mineralized zone is not known and remains unexplored.

Exploration activity is required to bring the technical knowledge of the entire property up to a common level and to simultaneously advance the delineation of the identified porphyry copper-gold deposit. Potential sites of the intended drilling platforms have been identified and marked in the field.

During the six months ended June 30, 2011 the Company prepared assessment work to keep the property in good standing and the Company is waiting receipt of the commissioned 43-101 technical report.

The Company is going forward with the proposed work program as defined in the draft 43-101.

The work program is planned to consist of 50 line kilometers of geochemical sampling proposed to begin in August 2011. The expenditure budget is approximately $100,000 funded out of current cash reserves. Additional work may include locating historical drill hole sites.

Outlook

The Company is a precious and base-metals mineral exploration company in the province of British Columbia. The corporate acumen of the Company's new management will facilitate the ongoing corporate and exploration growth. The Management team will continue to evolve as the company grows as a mining exploration company.

The Company currently holds two promising projects with significant exploration potential – the Newton and Chuchi properties.

Results of the aggressive exploration activities at Newton are very encouraging and, as such, the Company believes that the Newton Project is one of the more prospective exploration projects in the province. Since signing the Agreement to option an 80% interest in the property, the Optionee has been able to expand the area under the joint venture to include all of the contiguous claims held by the Optionee such that the Joint Venture now covers an area greater than 1,400 square kilometres.

As a result of the compilation of historical data from the Chuchi Property, the Company is planning a field program this summer to re-establish past geochemical anomalies that indicated a significant gold/copper zone. The Company continues to wait for a 43-101 Technical Report on the Property.

The Company has a favourable corporate structure with approximately 24.2 million outstanding shares . The Company's ability to raise funds is greatly enhanced with provincial and federal tax deductible incentives. In addition, the Provincial Mining Exploration Tax Credit program allows for the Company to maximize its exploration expenditures in the province.

Selected Financial Information

The Company's audited financial statements for the year ended December 31, 2010 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Financial Statements and should be read in conjunction with those statements.

	For the six months ended	For the years ended		
	June 30, 2011	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
	(IFRS)	*(IFRS)*	*(Canadian GAAP)*	*(Canadian GAAP)*
Statement of Operations and Comprehensive Loss:				
Total Revenue	$ -	$ -	$ -	$ -
Operating expenses	(436,947)	(414,900)	(283,503)	(1,367,766)
Loss from continuing operations	-	-	(264,126)	(2,905,713)
Net (loss) income	(448,764)	(544,746)	418,225	(7,445,587)
Basic & diluted loss per common share	(0.02)	(0.04)	0.04	(1.07)
Balance Sheet:				
Cash	335,254	2,935	27,462	-
Mineral properties	96,782	45,536	25,000	1
Total assets	452,846	55,664	59,487	16,187
Total liabilities	(76,343)	(135,259)	(333,631)	(1,048,349)
Shareholders' deficit	(376,503)	(79,595)	(274,144)	(1,032,162)

For discussion of the factors affecting the Company's losses see "Selected Quarterly Financial Data" and "Results of Operations" below. For discussion of the factors affecting our balance sheet see "Results of Operations" and "Liquidity and Capital Resources" below.

Results of Operations

The Company incurred a net loss of $448,764 during the six months ended June 30, 2011, a difference of $174,416 from the loss of $274,348 for the six months ended June 30, 2010.

Compared to the six months ended June 30, 2010, the net loss to shareholders of Newton for the six months ended June 30, 2011 was impacted significantly by the following factors:

- Share based compensation increased by $102,919 due to changes in management and board and granting of new options.
- Salary decreased by $33,932 because the CEO position is now held by an employee of a consulting company. The Company has no staff.
- Office and sundry costs increased by $15,923, primarily as a result of monthly rental and administration costs for the Company's new office established during the six months ended June 30, 2011.
- Investor communications increased by $37,347 due to the re-naming and re-branding of the Company. This cost included advertising costs not incurred in the same period last year.

- During the six months ended June 30, 2010 a reclamation deposit of $20,000 on a previously written-down property was recovered.
- During the year ended December 31, 2006 the Company recognized a cost recovery of $102,374 relating to the BC Mining Exploration Tax Credit which was applied against the mineral property assets that were subsequently written off. The Company received the cash refund during the year ended December 31, 2008. During the six months ended June 30, 2011 the Company underwent a government audit and it was found that $11,817 of the tax credit related to non-eligible exploration costs.

The Company incurred a net loss of $93,654 during the three months ended June 30, 2011, a difference of $31,058 from the loss of $62,596 for the three months ended June 30, 2010.

Compared to the three months ended June 30, 2010, the net loss to shareholders of Newton for the three months ended June 30, 2011 was impacted significantly by the following factors:

- Investor communications increased by $18,655 due to the re-naming and re-branding of the Company. This cost included advertising costs not incurred in the same period last year.
- Directors fees of $7,015 were incurred during the three months ended June 30, 2011 for advisory services in respect of the Newton project.
- Consulting and management, and legal fees decreased by a total $14, 193 during the three months ended June 30, 2011. Consulting and legal fees increased during the three months ended June 30, 2010 in relation to the Company's proposed change of business.
- During the three months ended June 30, 2010 a reclamation deposit of $20,000 on a previously written-down property was recovered.

The Company incurred a net loss of $93,654 during the three months ended June 30, 2011, a difference of $261,456 from the loss of $355,110 for the three months ended March 31, 2011.

The net loss to shareholders of Newton for the three months ended March 31, 2011, compared to the three months ended June 30, 2011 was impacted significantly by the following factors:

- Legal fees were $12,573 more during the three months ended March 31, 2011 due to increased activity with respect to renaming the Company, closing the non-brokered private placement and increased business activity.
- Share based compensation of $236,401 was incurred during the three months ended March 31, 2011 in respect of the options issued to the Company's directors, officers and consultants.
- During the year ended December 31, 2006 the Company recognized a cost recovery of $102,374 relating to the BC Mining Exploration Tax Credit which was applied against the mineral property assets that were been subsequently written off. The Company received the cash refund during the year ended December 31, 2008. During the three months ended March 30, 2011 the Company underwent a government audit and it was found that $11,817 of the tax credit related to non-eligible exploration costs.

- During the six months ended June 30, 2011 the Company made advance royalty payments of $20,000 in respect of the Chuchi property, and incurred consulting and administration fees of $31,245 in respect of its mineral properties.

Summary of Quarterly Results

Quarter ended:			Revenue	Net loss from continuing operations	Basic net loss per share from continuing operations	Net (loss) income	Basic and diluted (loss) income per common share
Q2/2011	June 30, 2011	IFRS	$ -	$ (93,654)	$ (0.00)	$ (93,654)	$ (0.00)
Q1/2011	March 31, 2011	IFRS	-	(355,110)	(0.02)	(355,111)	(0.02)
Q4/2010	December 31, 2010	IFRS	-	(93,975)	(0.01)	(93,975)	(0.01)
Q3/2010	September 30, 2010	IFRS	-	(176,423)	(0.01)	(176,423)	(0.01)
Q2/2010	June 30, 2010	IFRS	-	(62,596)	-	(62,596)	-
Q1/2010	March 31, 2010	IFRS	-	(211,752)	(0.02)	(211,752)	(0.02)
Q4/2009	December 31, 2009	GAAP	-	(77,259)	(0.01)	(77,255)	(0.01)
Q3/2009	September 30, 2009	GAAP	-	(25,131)	-	(25,131)	-
Q2/2009	June 30, 2009	GAAP	-	(126,415)	(0.01)	564,726	0.07

The primary factors affecting the magnitude and variations of the Company's losses are summarized as follows:

- In Q2/2009 the Company sold its Peruvian subsidiary for a gain on sale of discontinued operations of $624,432. Net loss from continuing operations spiked in that quarter principally as a result of $74,942 of accounting and audit expense incurred to bring the Company back to reporting compliance including completion of its December 31, 2008 audited financial statements.
- Stock based compensation expense also significantly impacts net loss as follows: Q1/2011 - $236,401; Q4/2010 - $6,368; Q1/2010 - $133,482; 2009 – $nil.
- In Q3/2010 $112,456 consulting costs were incurred in relation to the Company's proposed change of business.

The Company has no revenues to date. In Q2 2009 the Company sold its Peruvian subsidiary for a gain on sale of discontinued operations of $624,432. Net loss from continuing operations spiked in that quarter principally as a result of $74,942 of accounting and audit expense incurred to bring the Company back to reporting compliance including completion of its December 31, 2008 audited financial statements. Stock based compensation expense also significantly impacts net loss as follows: Q1 2010 $133,482, Q4 2010 $6,368, Q1 2011 $236,401 (2009 – nil).

Abandoned proposed change of business - July 2010

The Company entered into a non-binding letter of intent (the "LOI"), dated July 9, 2010 and as amended August 25, 2010, with BGL, LLC ("BGL"), a company incorporated in Wisconsin, U.S.A., whereby BGL would license certain intellectual property owned by BGL and grant the non-exclusive right to the Company to market certain products derived from biomass, including finished products derived from cranberries (the "Transaction"). The Company would have had the option to purchase (or lease on terms to have been settled) for US$3,000,000 (i) equipment owned by BGL for the processing of biomass and (ii) a royalty-free license of certain intellectual property for a period of three years from the date of the LOI.

The Company had entered into a consulting agreement with BGL, effective July 1, 2010, for an initial term of three months at the rate of US$20,833 per month whereby BGL would assist in the development of the equipment and intellectual property necessary to execute the Company's BioExtracts business plan. Upon successful completion of the initial term and receipt of all necessary approvals for the Transaction, the consulting agreement could have been extended for a three year term at the same rate of compensation.

On October 13, 2010 the Company elected to terminate the Transaction due to unforeseen delays in progressing the Transaction and uncertainty regarding the availability of funding for the Transaction. Identifiable direct costs of $169,409 relating to the Transaction were recognized as an expense on the Statement of Operations.

A director and officer of the Company expressed interest in pursuing the BioExtracts business plan through an entity that is unrelated to the Company. The board approved the sale of the rights to certain BioExtracts assets in consideration for payment of the sum of $9,700 plus applicable taxes. Of this amount $1,797 was outstanding at December 31, 2010, and has subsequently been paid.

Related Party Transactions

(a) Management transactions

For the six months ended June 30, 2011

	Short-term employee benefits $	Post-employment benefits $	Other long-term benefits $	Termination benefits $	Share-based payments $	Total $
McLeary Capital Management, Inc. (i)	39,000	-	-	-	48,077	87,077
Foremost Geological Consulting (ii)	21,000	-	-	-	48,077	69,077
Fehr and Associates (iii)	16,268	-	-	-	23,375	39,643
Mike Withrow	4,000	-	-	-	-	4,000

For the six months ended June 30, 2010

	Short-term employee benefits $	Post-employment benefits $	Other long-term benefits $	Termination benefits $	Share-based payments $	Total $
Michael Withrow President and CEO	24,000	-	-	-	55,400	79,400
David Clark Consulting Services (iv)	24,000	-	-	-	55,400	79,400
Gary Anderson Former President and CEO	-	-	-	30,000	-	30,000

(i) McLeary Capital Management, Inc., a private company controlled by the President and CEO, Mark McLeary. Mark McLeary was granted 400,000 stock options on January 4, 2011 with a fair value $48,077, which is included in total share-based payments of $200,041 made to directors, as disclosed below.

On January 28, 2011 the Company entered into an indefinite term contract with McLeary Capital Management, Inc. (the "consultant"), for the consultant to continue to act as President and Chief Executive Officer and Director of the Company. A monthly consulting fee of $6,500 is payable to the consultant. The contract may be cancelled by either party on 30 days written notice and, if cancelled by the Company, by payment of an amount equivalent to two years annual salary. On termination of the contract the consultant will be immediately retained by the Company as a non-paid advisor/consultant to the Company until January 5, 2016 or for such time as the consultant still holds unexercised stock options in the Company. On exercise of the consultant's options, the relationship between the consultant and the Company will cease.

(ii) Foremost Geological Consulting, a private company controlled by a director, Ian Foreman. Ian Foreman was granted 400,000 stock options on January 4, 2011 with a fair value $48,077, which is included in total share-based payments $200,041 made to directors, as disclosed below.

On January 28, 2011 the Company entered into an indefinite term contract with Foremost Geological Consulting (the "consultant"), for the consultant to continue to act as primary technical consultant and Director of the Company. A monthly consulting fee of $3,500 is payable to the consultant. The contract may be cancelled by either party on 30 days written notice and, if cancelled by the Company, by payment of an amount equivalent to two years annual salary. On termination of the contract the consultant will be immediately retained by the Company as a non-paid advisor/consultant to the Company until January 5, 2016 or for such time as the consultant still holds unexercised stock options in the Company. On exercise of the consultant's options, the relationship between the consultant and the Company will cease.

(iii) Fehr and Associates, a private company controlled by the current CFO, Ann Fehr. At June 30, 2011 $6,551 (June 31, 2010 - $nil) of fees owed to Fehr and Associates was included in Accounts payable and accrued liabilities. Ann Fehr was granted 90,000 stock options on January 28, 2011 with a fair value of $0.26 per option. $23,376 share-based compensation was recognised for these options.

(iv) David Clark Consulting, a private company controlled by the former CFO, David Clark. David Clark was granted 390,000 stock options on January 21, 2010 with a fair value of $55,400, which is included in total share-based payments of $158,557 made to directors, as disclosed below. The options were cancelled 90 days after he ceased to be an officer or director of the Company.

(b) Director's transactions

During the six months ended June 30, 2011 and 2010, the following expenses related to directors were recognized:

		June 30, 2011		June 30, 2010
Share-based payments (v)	$	200,041	$	158,557
Directors' fees	$	7,015	$	-

(v) Arising from options granted pursuant to the company's stock option plan. 800,000 options were granted to two directors on January 4, 2011 with a fair value of $0.12 per option. A further 400,000 options were granted to a director on January 28, 2011 with a fair value of $0.26 per option. Fair value of options was calculated using the Black-Scholes option pricing model. All options vested immediately on grant date. Share based compensation of $158,557 for the six months ended June 30, 2010 includes share based compensation on the options issued to Mike Withrow, as disclosed above.

Accounts payable and accrued liabilities at June 30, 2011 includes $nil (June 30, 2010 - $62) owed to directors.

Outstanding Share Data

The Authorized share capital consists of an unlimited number of common shares without par value.

Outstanding and Fully Diluted Share Data	Number of Common Shares
Issued and outstanding as at June 30, 2011	20,619,268
Incentive stock options	2,000,000
Warrants	5,163,760
Incentive stock options cancelled subsequent to June 30, 2011	(400,000)
Common shares issued subsequent to June 30, 2011	3,200,000
Fully diluted as at August 17, 2011	24,183,028

Effective January 1, 2010, the issued and outstanding share capital of the Company was consolidated on a four old, one new basis. All references to share capital, options and warrants are on a post-consolidated basis.

On January 28, 2011, the Company closed a non-brokered private placement of 5,000,000 units at $0.13 per unit. Each unit consists of one common share and one warrant of the Company. Each warrant is exercisable to purchase one common share of the Company until January 28, 2013 at $0.20 per share for the first year and at $0.30 during the second year. As the issue price of each unit was less than the market price of the Company's shares on the day of issue, the full issue price was allocated to share capital. Share issue costs of $61,187 were incurred, which included $36,528 attributable to 163,760 agent warrants issued with an exercise price of $0.20 per share for a period of two years. The fair value of the agent warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.69%; expected life of 2 years; volatility of 150.72%; dividend rate of 0%; and share price on January 28, 2011 of $0.30.

Contingent Liability

On May 18, 2011, the Company received an order granted by a court in Lima, Peru indicating that the Company is responsible for a debt in the amount of US$198,933.08 incurred by a former subsidiary of the Company. The Company did not receive notice of the Peruvian legal proceedings and is seeking advice concerning an application to set aside the order. The Company's Peruvian legal counsel advised that the Company is not responsible for this obligation.

Subsequent Events

The following events occurred subsequent to June 30, 2011:

- 390,000 options with an exercise price of $0.18 and 10,000 options with an exercise price of $0.15 were cancelled, unexercised (note 5(c)).

- The Company announced the commencement of a non-brokered private placement offering of up to 8,500,000 units consisting of 6,000,000 flow-through units at a price of $0.25 per flow-through unit and 2,500,000 units at a price of $0.20 per unit for gross proceeds of $2,000,000.

  Each flow-through unit consists of one previously unissued common "flow-through share" and one non-flow-through share purchase warrant (a "Warrant) of the Issuer. Each Warrant will entitle the holder, on exercise, to purchase one additional common share of the Company (a "Warrant Share") for a period of two years from the date of issue of the Warrant. The Warrants will be exercisable at a price of $0.40 per share for the first year and at a price of $0.50 per share for the second year. The Company is concurrently offering Units consisting of one previously unissued common share (a "Share") and one share purchase warrant (a "Warrant") of the Company. Each Warrant will entitle the holder, on exercise, to purchase one additional common share of the Company (a "Warrant Share") for a period of 2 years from the date of issue of the Warrant. The Warrants will be exercisable at a price of $0.30 per share for the first year and $0.40 per share for the second year.

- The Company closed on the first tranche of the private placement announced on July 6, 2011, and has issued, 3,200,000 Flow-Through Units issued at a deemed price of $0.25 per share to the Mineral Fields Group. The Company has received gross proceeds of $800,000. These shares are subject to a hold period which expires on November 21, 2011.

Liquidity and Capital Resources

As at June 30, 2011, the Company had cash of $335,254. The Company continues to utilize its cash resources to fund project exploration and administrative requirements. As the Company has no significant income, cash balances, unless replenished by capital fundraising, will continue to decline as the Company utilizes its funds to conduct its operations.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of its mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities.

The Company's operations to date have been primarily financed by sales of its equity securities. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company has primarily incurred losses from inception, has recorded a net loss from continuing operations of $448,764 for the six months ended June 30, 2011 and has working capital of $279,721 as at June 30, 2011 (December 31, 2010 - working capital deficiency of $125,131).

The current cash position on hand, and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing.

Financial Instruments and Risk Management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
The Company's cash is held in a large Canadian financial institution. The Company's accounts receivable consist of harmonized sales tax due from the federal government of Canada. As such, credit risk is not considered significant.

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 manages liquidity risk through the management of its capital structure.

The Company has cash at June 30, 2011 in the amount of $335,254 (December 31, 2010 - $2,935) in order to meet short-term business requirements. At June 30, 2011, the Company had current liabilities of $76,343 (December 31, 2010 - $135,259).

Accounts payable and accrued liabilities are due within twelve months of the financial position date.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. As these financial instruments are not interest bearing, the Company is not currently exposed to interest rate risk.

Mineral Price Risk
Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of silver and gold which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land

tenure and many other aspects of the mining business. Declines in mineral prices may have a negative effect on the Company.

Risk Factors

Investing in the Company involves risks that should be carefully considered. In addition to the risks involved should the Company be required to value its assets and liabilities other than on a going-concern basis as discussed above and below, in conducting its business, the Company is subject to a number of other risks and uncertainties, including those discussed below, that could have a material adverse effect on, among other things, the Company's business prospects or financial condition and could result in a delay or indefinite postponement in the development of the Company's properties and projects. See also "Forward-Looking Statements".

The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company has not commenced commercial operations and has no proven history of performance, earnings or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan, and the Company's Common Shares must be considered speculative, primarily due to the nature of the Company's business and early stage of development.

The Company's property interests are located in British Columbia, Canada. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of the Company and may adversely affect its business. In addition, shortages of skilled labor and deficiencies in infrastructure may negatively influence costs of exploration and development.

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its property interests or to fulfill its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of new projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company or its partners will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to obtain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration and development work, which may result in it losing its interest in the subject property.

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of silver and gold which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business. Declines in mineral prices may have a negative effect on the Company.

The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other corporations which have greater technical or financial resources. The Company may be unable to acquire additional attractive mining properties on terms it considers to be acceptable.

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. Failure to comply with such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Certain directors and officers of the Company are also directors, officers and shareholders of other natural resource or public companies, as a result of which they may find themselves in a position where their duty to another company conflicts with their duty to the Company. There is no assurance that any such conflicts will be resolved in favor of the Company. If any of such conflicts are not resolved in favor of the Company, the Company may be adversely affected. In addition, the Company's President and CEO is currently a party to an investigation by the BC Securities Commission in respect of an unrelated company for, among other things, market manipulation. Any adverse consequences from the investigation itself, or its outcome, could substantially harm the Company's reputation or ability to raise financing or enter into other joint venture or similar types of arrangements. The Company's Board of Directors has established an independent committee to determine the appropriate course of action in such circumstances and expects to conclude the process by middle of October 2011.

Policies and Conversion to International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory change-over date to International Financial Reporting Standards ("IFRS") for Canadian profit-oriented publicly accountable entities ("PAE's") such as the Company.

As stated in Note 2 of the Financial Statements, these are the Company's first condensed interim financial statements prepared in accordance with IAS 34.

The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1). The first date at which IFRS was applied was January 1, 2010 ("Transition Date"). IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS. IFRS 1 requires that the same policies are applied for all periods presented in the first IFRS financial statements and that those policies comply with IFRSs in effect as at the end of the first IFRS annual reporting period. Accordingly, the opening IFRS statement of financial position, 2010 comparatives and current year financial statements have been prepared using the same policies. The previously presented 2010 Canadian GAAP financial information has been reconciled to the IFRS information as part of this transition in Note 12 in accordance with the requirements of IFRS 1. Further, the policies applied have been done so on a full retrospective basis unless an alternative treatment is permitted or required by an IFRS 1 election or exception. These are discussed below.

After a detailed assessment of its accounting system, the Company reached the following conclusions with regard to the new reporting requirements for IFRS:

a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combination* retrospectively to business combinations that occurred before the date of transition to IFRS. There is no adjustment required to the December 31, 2009 financial statements on the transition date.

b) Exploration and Evaluation Assets

- The requirements for Exploration and Evaluation assets (previously classified as Mineral Properties) under IFRS 6 are consistent with Canadian GAAP. Therefore no adjustments were required.

c) Share based payments

- The method of accounting for share-based compensation arising from options awarded to employees required by IFRS 2 is different to that adopted by the Company under Canadian GAAP.
- However, IFRS 1 permits a first-time adopter to apply IFRS 2 only to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005.
- The Company elected to apply this exemption and therefore, no adjustments were required.

d) Financial Instruments

- The requirements Financial Instruments under IFRS 7 are consistent with the Company's accounting treatment under Canadian GAAP. Therefore no adjustments were required.

e) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive income for prior periods presented under Canadian GAAP to IFRSs as of the same date. In addition, an explanation is required for any material adjustments to cash flows to the extent that they exist. The analysis which follows represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted:

Reconciliation of Assets, Liabilities and Equity

		January 01, 2010			June 30, 2010			December 31, 2010		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS										
Non-current assets										
Exploration and evaluation assets		$ 25,000	-	$ 25,000	$ 45,536	-	$ 45,536	$ 45,536	-	$ 45,536
		25,000	-	25,000	45,536	-	45,536	45,536	-	45,536
Current assets										
Cash		27,462	-	27,462	190,476	-	190,476	2,935	-	2,935
Receivables		7,025	-	7,025	7,004	-	7,004	4,693	-	4,693
Prepaid expenses		-	-	-	1,224	-	1,224	2,500	-	2,500
		34,487	-	34,487	198,704	-	198,704	10,128	-	10,128
TOTAL ASSETS		$ 59,487	-	$ 59,487	$ 244,240	-	$ 244,240	$ 55,664	-	$ 55,664
LIABILITIES										
Current liabilities										
Accounts payable and accrued liabilities		$ 333,631	-	$ 333,631	$ 59,805	-	$ 59,805	$ 135,259	-	$ 135,259
		333,631	-	333,631	59,805	-	59,805	135,259	-	135,259
SHAREHOLDERS' EQUITY (DEFICIT)										
Share capital		8,391,614	-	8,391,614	8,991,059	-	8,991,059	8,991,059	-	8,991,059
Reserves	(a)	775,854	(731,193)	44,661	909,336	(754,365)	154,971	915,704	(775,854)	139,850
Deficit	(a)	(9,441,612)	731,193	(8,710,419)	(9,715,960)	754,365	(8,961,595)	(9,986,358)	775,854	(9,210,504)
		(274,144)	0	(274,144)	184,435	-	184,435	(79,595)	-	(79,595)
TOTAL EQUITY AND LIABILITIES (DEFICIT)		$ 59,487	0	$ 59,487	$ 244,240	-	$ 244,240	$ 55,664	-	$ 55,664

Reconciliation of Statement of Comprehensive Loss

	For the three months ended June 30, 2010			For the six months ended June 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
EXPENSES						
Accounting and audit	$ (12,165)	$ -	$ (12,165)	$ (25,065)	$ -	$ (25,065)
Consulting and management	(35,142)	-	(35,142)	(60,125)	-	(60,125)
Insurance	(3,656)	-	(3,656)	(4,940)	-	(4,940)
Investor communication	142	-	142	-	-	-
Legal	(18,379)	-	(18,379)	(29,387)	-	(29,387)
Office and sundry	(780)	-	(780)	(559)	-	(559)
Regulatory and transfer agent fees	(8,084)	-	(8,084)	(16,270)	-	(16,270)
Salaries and benefits	(3,932)	-	(3,932)	(33,932)	-	(33,932)
Share-based compensation	-	-	-	(133,482)	-	(133,482)
Travel and business development	(600)	-	(600)	(2,326)	-	(2,326)
	(82,596)	-	(82,596)	(306,086)	-	(306,086)
OTHER (EXPENSE) INCOME						
Interest income	-	-	-	94	-	94
Recovery on settlement of accounts payable	-	-	-	11,644	-	11,644
Recovery of reclamation deposit	20,000	-	20,000	20,000	-	20,000
Proposed transaction costs	-	-	-	-	-	-
	20,000	-	20,000	31,738	-	31,738
NET LOSS AND COMPREHENSIVE LOSS	**$ (62,596)**	**$ -**	**$ (62,596)**	**$ (274,348)**	**$ -**	**$ (274,348)**

Reconciliation of Statement of Cash Flows

	For the six months ended June, 30 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES			
Net loss for the period	$ (274,348)	$ -	$ (274,348)
Items not requiring cash:			
Share-based compensation	133,482	-	133,482
Recovery of settlement of accounts payable	(11,644)	-	-
	(152,510)	-	(140,866)
Changes in non-cash operating working-capital items:			-
Decrease in accounts receivables	21	-	21
Increase in prepaid expenses	(1,224)	-	(1,224)
Increase (decrease) in accounts payable and accrued liabilities	(262,182)	-	(262,182)
CASH FROM (USED FOR) OPERATING ACTIVITIES	(415,895)	-	(404,251)
FINANCING ACTIVITIES			
Proceeds on share issue	650,000	-	650,000
Share issuance costs	(50,555)	-	(50,555)
CASH PROVIDED BY FINANCING ACTIVITIES	599,445	-	599,445
INVESTING ACTIVITIES			
Expenditure on mineral property interests	(30,037)	-	(30,037)
Cost recoveries related to mineral properties	9,501	-	-
CASH USED FOR INVESTING ACTIVITIES	(20,536)	-	(30,037)
DECREASE IN CASH DURING THE PERIOD	163,014	-	165,157
CASH, BEGINNING OF PERIOD	27,462	-	27,462
CASH, END OF THE PERIOD	$ 190,476	$ -	$ 192,619

Conflicts Of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the six months ended June 30, 2011.

Proposed Transactions

The Company does not currently have any proposed transaction approved by the Board of Directors. All current transactions are fully disclosed in the financial statements for the six months ended June 30, 2011.

Management's Responsibility For Financial Statements

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Board Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.

Vancouver, BC August 22, 2011